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WEEKEND AUGUST 24/AUGUST 25 1996



Moscow rumours that prime minister may take presidential powers

Kremlin crisis grows as Yeltsin snubs Lebed

By John Thornhill in Moscow

The crisis in Russia's leadership deepened yesterday when President Boris Yeltsin delivered a second public snub to Mr Alexander Lebed, the national security adviser.

Mr Yeltsin refused to meet Mr Lebed on his return from a Chechnya peace mission. Instead, the President demanded a written report on Mr Lebed's plans for the war-torn region.

The snub further undercuts the authority of Mr Lebed, who also serves as the presidential representative in Chechnya, and raises doubts about the Kremlin's plans for pursuing peace in the rebel republic.

The president's unwillingness to discuss a possible

peace deal also fuelled rumours that Mr Victor Chernomyrdin, the prime minister, might be planning to declare Mr Yeltsin incapable of leading the country, temporarily assuming presidential powers himself.

"The rumours appear to be coming from the Kremlin and may only reflect the unfounded concerns of Mr Yeltsin's team," said one Russian political observer.

Mr Chernomyrdin, who has just been reconfirmed as prime minister by parliament, has proved a loyal supporter of Mr Yeltsin in troubled times and would shirk from unseating the president prematurely.

Any move to declare Mr Yeltsin unfit to govern would cause political mayhem if it proved unfounded.



Returning to Moscow: Alexander Lebed after his talks with Chechen rebels yesterday

Top mafia man offers to testify against his colleagues

By Robert Graham in Rome

A top member of the Sicilian mafia has agreed to give evidence against his mafia colleagues in one of the most sensational turnarounds by a leading figure in the international criminal organisation.

If Mr Giovanni Brusca's decision to co-operate proves genuine, mafia experts say the Corleone clan might lose its dominance of the Cosa Nostra, the umbrella organisation of the Sicilian mafia.

He might also offer magistrates up-to-date information on the links between the Cosa Nostra and the Italian political establishment.

Mr Brusca is considered directly responsible for some of the most brutal political killings in recent years on Sicily and of involvement in the 1993 bombing of the Uffizi Gallery in Florence.

Palermo magistrates say Mr Brusca, whose family has been the traditional mafia clan running the town of San Giuseppe Jato, south of Palermo, has a lot to tell.

He has been regarded as one of the most effective and violent lieutenants of Mr Totò Riina, the "boss of bosses", who has been in prison since his arrest in January 1993.

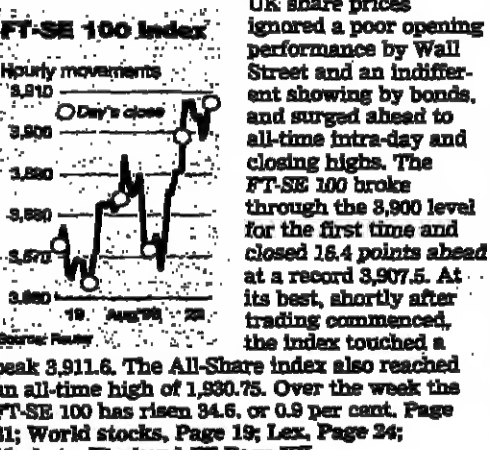
For almost two decades the "Corleonesi" under Mr Riina have run the Cosa Nostra. Mr Pina Arlacchi, the country's leading expert on the organisation, said Mr Brusca's move did not spell the end of the mafia, but rather the end of its military-style tactics which sought to confront the state head on. Judicial authorities carefully avoided any sense of euphoria over his decision to co-operate in return for protection and immunity.

Mr Giancarlo Caselli, the chief public prosecutor in Palermo, has been instrumental in persuading Mr Brusca to

VW insists \$162m investment grant by Saxony is legal

German carmaker Volkswagen, which is at the heart of a bitter row between the European Commission and the state government of Saxony over investment grants, said its DM341m (\$162m) grant was paid legally and that it would stick to its spending plans in the former East Germany. Bonn has condemned Saxony's payment in defiance of an EC ban, but accepts that VW is entitled to support. Page 34 and Lex

London shares reach record close



Honda quadruples first-quarter profits

Strong sales of recreational vehicles and a favourable exchange rate helped Honda more than quadruple first-quarter pre-tax profits to ¥76.1bn (\$706m). Page 5

German call for more action on beef

The German agriculture ministry and the country's farmers' union demanded more action by the European Commission to stabilise the beef market in the wake of the BSE crisis. Page 4

Apeo considers tariff cuts

The Asia Pacific Economic Co-operation forum is to look closely at a US proposal to eliminate tariffs on trade in information technology and products. Page 3

Kvaerner seeks partner for Cunard

Norwegian engineering and shipbuilding group Kvaerner is seeking a joint venture partner for Cunard, the loss-making cruise line which it inherited with its \$204m (\$1.4bn) takeover of Trafalgar House. Page 5

KPN looks for further sales growth

KPN, the privatised Dutch post and telecoms utility, reported first-half net income of F1.12bn (\$710m), up from F1.1bn for the same period a year earlier, and said it expected further growth in sales. Page 5

Coloured tyres: Michelin, the world's largest tyre maker, has developed a green-coloured radial which it may put on sale next year. Other colours may be developed later. Page 24

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Clinton brands nicotine an addictive drug

By Patti Waldmeir in Washington

President Bill Clinton yesterday declared nicotine an addictive drug and imposed strict curbs on tobacco sales to minors, in an election year assault on teenage smoking.

The long-expected move, which opinion polls show has wide appeal among voters, was timed to allow the president to capture the headlines before the Democratic Party convention begins on Monday in Chicago.

It capped a week of popular announcements from the White House, focusing on legislative achievements such as the passage of a new minimum wage, welfare reform and a

Pre-election move targets teenage smoking

law to extend health insurance coverage.

By declaring nicotine an addictive drug, the president put sales and distribution of tobacco under the control of the Food and Drug Administration, which is charged with preventing unsafe drugs from reaching the market.

The FDA regulations announced by Mr Clinton yesterday stop short of his 1996 proposals for combatting teenage smoking. Under pressure from the vending machine industry, the president decided to allow cigarette sales from machines which are not accessible to minors - such as in

bars or nightclubs - but to ban all others. Mail order sales will also be legal. But tobacco advertising will be heavily restricted and tobacco company sponsorship of sporting events forbidden.

Mr Clinton said the FDA would soon take steps to require tobacco companies to educate children about the risks of smoking, but did not say how much companies would be expected to spend on such measures.

The measures were widely publicised in advance of Mr Clinton's announcement. Share prices of two leading tobacco companies, Philip Mor-

ris and RJR Nabisco, have lost about a fifth of their value in the past two weeks. Yesterday Philip Morris shares gained 5% to \$57.4 while those of RJR were up 5% to \$25.5.

The move came as the jury was considering its verdict in an Indianapolis court case in which the big tobacco companies are being sued over a smoker's death from lung cancer.

The case follows a verdict two weeks ago by a jury in Florida awarding \$750,000 against the industry. Investors

feared another award against the cigarette makers could provoke a vast number of claims.

Theoretically, the FDA could declare tobacco unsafe and ban it from the market altogether, though this is unlikely in the near term. The White House said yesterday it expected the president's measures to be challenged in court.

Addressing a ceremony at the White House rose garden, Mr Clinton said smoking was the biggest health problem facing Americans - 3000 teenagers started smoking each day, and one-third would die early as a result. "This epidemic is no accident," he said.

Prudential holds talks over \$1.7bn reinsurance arm sale

By Motoko Rich and Ralph Atkins

Prudential Corporation, Britain's largest life insurer, is in talks with at least one potential trade buyer for Mercantile & General, its reinsurance subsidiary which had been lined up for flotation this autumn.

Swiss Reinsurance, which ranks number two in the world among companies specialising in protecting conventional insurers against big losses, is believed to be a front runner to buy M&G Re.

Ironically, the Pru acquired M&G Re from Swiss Re in 1988. The sale is expected to be

worth at least £1.1bn (\$1.7bn). A trade sale would add to the surge of consolidation in the global reinsurance sector.

Earlier this month, Munich Re, the world's largest reinsurer, announced the \$3.3bn acquisition of American Re. Last month US-based General Re said it was acquiring US rival National Re for \$940m.

Another possible buyer for M&G Re could be US-based Employers Re, the reinsurance company owned by General Electric of the US.

The Prudential would not comment on talks with potential trade buyers. "The flotation of M&G Re is on schedule for later this year," it said.

The disposal would boost Prudential's war chest for further acquisitions.

When the group announced plans for M&G Re's partial flotation last June, Mr Peter Davis, chief executive, reaffirmed the group's commitment to expand its presence in life assurance and retail banking.

No secret was made of its desire to acquire a building society or another life insurer.

Over the past few months Prudential's name has been linked with a number of potential targets, including the Woolwich and Alliance &

Continued on Page 24

STOCK MARKET INDICES

FT-SE 100: 3,907.5 (+16.4)	US LUNCHTIME RATES	STERLING	DOLLAR
Yield: 4.00	Federal Funds: 5 1/4%	New York: 1.558	New York: 1.47805
FT-SE Europe 100: 1,555.71 (+2.80)	3-m Treasury Bill: Ytd	London: 1.558	FF: 6.0910
FT-SE-A All-Share: 1,930.75 (+0.9%)	Long Bond: 9 1/4%	London: 1.558	FF: 1.194
Nikkei: 21,228.80 (+134.40)	Yield: 6.914%	London: 1.558	FF: 108.105
New York: 2,311.7 (+21.16)		DM: 2.3117 (2.3116)	London: 1.4874 (1.4855)
Dow Jones Ind Ave: 5,719.41 (+14.0)		FF: 7.8903 (7.8951)	DM: 5.0763 (5.0894)
S & P Composite: 697.36 (+3.30)		FF: 1.8983 (1.8735)	FF: 1.2021 (1.211)
		Y: 108.6 (107.578)	Y: 108.46 (108.47)
		E Index: 85.0 (85.1)	S Index: 96.3 (96.5)
			Tokyo close: Y 108.376

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NEWS: EUROPE

Computerised registries will allow cross-checking of information to detect false prices

Italy moves on property tax evasion

By Robert Graham in Rome

Italy's centre-left government is set to end the time-honoured practice of under-declaring the purchase price of property to avoid taxes. The seller of a house has to pay capital gains tax and the buyer pays value added tax - although the system varies for first-time buyers.

The aim is to computerise property registries throughout Italy and cross-check the data with other information

on purchasers and properties.

Cross-checking computer information held in different ministries has already unmasked a large number of citizens living off false invalid pensions.

Property purchases have been one of the main forms of tax evasion and are responsible for a large wash of "grey" money in the economy - it is common for up to half the real price of a house to be paid under the table, often outside the country.

Governments have turned a blind eye because the practice is so common and a clampdown could prove unpopular.

At present, property deeds are kept in 136 registries across the country, often in chaotic conditions. Much of the work in registering the documents involves elaborate handwritten annotations and time-consuming procedures.

In October the government aims to put data and documents from 35 registries on

computer. This will initially involve 9.5m transactions and more than 3.4m accompanying documents.

Some of the biggest cities will be involved from the outset. In Palermo there are 1.1m transactions and 270,000 documents to be copied, while in Bologna there are 650,000 transactions and 140,000 documents.

The first part of the exercise is due to be completed by next August. No data has been given for the computerisation of information, but

the authorities believe that even with data from the first 35 registries they will be able to start cross-checking.

The value of property, especially in cities, is well known and it will be easy to compare the declared price against that prevailing in the market.

It will also be possible to cross-check the declared price of a house purchase against the annual communal property tax, the refuse tax (a city rate which is determined by the size of a

property), the amount of electricity used, the size of a phone bill and an owner's tax return.

The finance ministry believes there are 40m or more properties in Italy. Almost 1m came to light in a recent amnesty on illegal property development.

To help computerisation of data, the government recently enacted a law obliging lawyers to place property transactions on discs which are then fed into registry computers.

INTERNATIONAL NEWS DIGEST

Police evict immigrants

French police yesterday removed 300 immigrants barricaded in a north Paris church, as the government acted to end their protest against its increasingly rigid immigration policies. The police raid, in the early hours of the morning, was broadly applauded by the political right but criticised by the left.

The protest at the church had become a source of acute political embarrassment for ministers. Mr Jean-Louis Debré, interior minister, indicated after the raid on the Saint-Bernard church that about a third of the 300 so-called *sans-papiers* would be allowed to stay in France. The immigrants included 10 on the 50th day of a hunger strike.

As police carrying gas-masks and riot shields cordoned off the area, sizeable crowds gathered in the streets leading up to the church to chant support for the immigrants.

Protests over the issue began in March when 430 Africans without legal documents occupied the Saint-Ambroise church in Paris to demand the right to stay in France.

David Owen and Agencies, Paris

Israel intends to renew talks

Mr Benjamin Netanyahu, Israel's prime minister, yesterday said Israel would soon renew peace talks with the Palestinians, apparently in an effort to ensure a regional economic conference scheduled for November in Cairo will not be cancelled.

His remarks followed threats by Mr Hosni Mubarak, the Egyptian president, to cancel the conference - which is intended to promote economic integration between Israel and its Arab neighbours - if Jerusalem did not honour its peace commitments to the Palestinians.

Mr Netanyahu has now told Mr Mubarak that Israel intends to restart the talks soon, though he gave no date for when this would be. According to a statement, Mr Netanyahu told his ministers: "We intend to renew the talks with the Palestinian Authority now that the steering committee has been established on both sides for negotiations."

Israeli-Palestinian peace talks have been stalled since Mr Netanyahu, who opposes relinquishing Israeli-occupied land for peace, was elected in Israeli elections in May.

Ari Machlis, Jerusalem

Spain plans secrets reform

Spain's centre-right government, heavily criticised for refusing to hand over intelligence files to judges investigating anti-terrorist hit squads, yesterday approved draft legislation clarifying the rules on official secrets. It also said a reform of the country's Coid intelligence service should be ready in two weeks.

Three judges have been demanding Coid documents on covert actions carried out against Basque terrorist suspects during the previous Socialist administration. The new government's refusal has strained its relations with the Basque Nationalist party, one of the regional groups it relies on for parliamentary support.

The new rules, establishing three categories of confidential material and defining procedures for declassification, replace a law passed by the Franco regime in 1958.

A related bill changes the rules for judges who pursue political careers. In future if they decide to quit politics they must wait three years before returning to their original jobs.

David White, Madrid

German regional prices stable

German consumer prices have remained stable this month while there appears to have been a slight acceleration in the year-on-year rate of inflation, according to early reports from state statistical offices published yesterday.

North Rhine-Westphalia and Baden-Württemberg reported no change in consumer price indices compared with July, while in Hesse prices fell 0.1 per cent. However, annual inflation rates quickened to 1.6 per cent this month from 1.4 per cent in July in North Rhine-Westphalia and to 1.2 per cent from 1.1 per cent in Hesse and Baden-Württemberg, reflecting falling prices in August last year.

Peter Norman, Bonn

N Korea firms nuclear stance

In a clear response to the US presidential election campaign North Korea warned it was ready to resume its nuclear programme and would refuse to participate in peace talks if there was a change in Washington's policy towards the country.

The warning, in a foreign ministry statement carried by the official Korean Central News Agency (KCNA), was issued in Tokyo, was aimed at the Republican presidential candidate, Mr Bob Dole, who has called for the US to take a tougher stance towards North Korea. "Amid presidential election campaigning in the US, some forces are trying to improve their image by slandering the Democratic People's Republic of Korea," KCNA quoted the statement as saying. The statement, without naming the Republicans, said these forces wanted to stop implementation of a nuclear agreement sought by the current US administration which suspects Pyongyang of developing nuclear weapons.

According to the US, North Korea had acquired basic nuclear capability by the time it negotiated a 1994 accord promising Pyongyang \$4.5bn in new nuclear technology in return for freezing its atomic programme.

Reuters, Tokyo

Seoul finds election violations

South Korea's national election monitoring agency said yesterday it had uncovered evidence of election law violations by 20 members of parliament, enough in many cases to cost them their seats. If upheld by the courts, the ruling New Korea party's hold on the National Assembly could be threatened.

Thirteen of the 20 deputies belong to the party led by President Kim Young-sam, who has only a three-seat majority in the 298-member assembly. Election officials predicted that at least a dozen of the 20 deputies could lose their seats. The violators typically under-reported money spent during the campaign or spent over the limit. Elections to fill seats vacated by ousted deputies are expected to take place along with the presidential election in December 1997, at the latest.

AP, Seoul

Irish keep watch on Japanese fishermen

By John Murray Brown in Dublin

Ireland's tiny maritime patrol fleet was last night engaged in a tense stand-off with more than 30 Japanese tuna boats, following the seizure of two Japanese vessels earlier this week for suspected illegal fishing.

Supported by its two Casa-235 Spanish-made reconnaissance aircraft, Irish patrol vessels off the country's western seaboard were awaiting the next move from the Japanese trawlers. The trawlers were standing by outside Irish-patrolled waters, having abandoned their buoy-moored fishing tackle.

"If they try to come back to retrieve the gear, we'll board them," said a defence forces spokesman.

This is the first time a Japanese craft has been seized inside Ireland's area of the European Union's 200-mile limit. It is the first time in more than two years that a non-EU ship has been apprehended anywhere in EU waters.

So far this year, the Irish navy has boarded 803 vessels, 29 of which have been brought to court. Until this week, all vessels boarded were of EU origin. The latest incidents highlight the strains on Ireland's policing effort, covering 120,000 square miles, equivalent to a fifth of the EU's fishing waters - with just seven vessels.

The Japanese captain of the Minato Maru was yesterday charged at a court in Cork with illegal fishing, while a second ship, the Soshin Maru, was taken under escort to Castletownbere, accused of logbook offences.

The Japanese presence off Irish waters follows this summer's unusually warm water temperatures, which are understood to have lured shoals of bluefin tuna further north than their



In search of tuna: a fisherman stands under his flag in an Irish port

seasonal Atlantic feeding grounds off the Bay of Biscay. "They're highly migratory fish, who follow temperature contours, and apparently have been attracted by the unusually tepid waters off our west coast," said Mr Frank Doyle, secretary general of the Irish Fishermen's Association.

The Japanese boats, which are up to 80 metres long, are equipped with sophisticated radar to track the fish, and deploy long lines rather than nets. This technology enables the crew to catch individual fish, a method which

ensures the highest quality, needed for Japan's sushi or raw fish market.

The incidents have prompted calls from Ireland to reconsider its support for the fishing of *halibut*, a non-quota species as far as the EU is concerned.

In another development last night, the Irish patrol vessel *Aleithe* was "steaming towards" the Japanese fishing fleet. *Aleithe* reports that five members of the crew had been killed in a gas explosion on the Taisel Maru freezer ship 400 miles west of Galway.

Recognition accord signed in Belgrade

By Paul Wood in Belgrade

The Yugoslav federation - consisting of Serbia and Montenegro - and Croatia yesterday signed an "historic" agreement on mutual recognition, formally ending five years of hostility.

The agreement recognises borders, provides a framework for settling territorial disputes and allows for refugees to return home. Ambassadors are to be exchanged within two weeks.

The Croatian foreign minister, Mr Mate Granic, and his Yugoslav counterpart, Mr Milan Milutinovic, signed the accord in the federation palace in Belgrade, built when the late Communist leader Josip Broz Tito headed a nation of six republics.

The two sides ate lunch from plates with the seal of the old Yugoslavia but Mr Granic drove through Belgrade in a car flying the Croatian flag, the first time it had been unfurled on Yugoslav territory since the 1991 collapse of the federation.

Mr Milutinovic said the accord was "historic" and represented a turning point in relations between the two countries. Mr Granic said it was "the foundation of stability in the region".

Few details were released about how the accord dealt with a number of disputes which have derailed agree-

ment previously. Yugoslavia has been insisting on a territorial swap to give it the strategic Prevlaka peninsula, part of the Croatian Adriatic coast overlooking the main Yugoslav naval base.

Diplomatic sources said it was thought Prevlaka would remain demilitarised under UN control while talks continue on its status. Similarly, it is expected that talks will continue on who has the right of the assets to the old Yugoslavia. But the agreement apparently allows for Yugoslavia, consisting now of just Serbia and Montenegro, to renew membership of international organisations without Belgrade having to submit a formal request.

International officials had hoped to see Serbia and Croatia normalise relations when the Dayton accords for Bosnia were signed last December. Relations have been steadily improving, with improved transport and communications links, including reopening of the Zagreb-Belgrade highway.

The International War Crimes Tribunal for former Yugoslavia yesterday opened a liaison office in Belgrade after months of negotiations and strong international pressure. Belgrade is still refusing to act on international arrest warrants issued for three Yugoslav citizens accused of war crimes while in the Yugoslav army.

Hungary counts the rising cost of alcohol

Drinking their way into an early grave... Virginia Marsh examines an increase in cirrhosis

For most of the past two months, Katalin, a cheerful 40-year-old, has been in Budapest's Gyula Nyiro hospital, trying to overcome a serious drinking problem.

A single mother, she blames her drinking on the stress of bringing up her three young children alone. Work colleagues persuaded her to seek treatment at Gyula Nyiro, which has the city's latest anti-addiction department.

Alcoholism is a serious problem in Hungary and heavy drinking has doubled deaths from cirrhosis and other chronic liver diseases in a decade. Deaths from these causes are more than three times as common as in neighbouring Austria, which itself has one of the highest rates in the European Union.

Around two thirds of Katalin's fellow patients are male. By 1994, cirrhosis had become the most common cause of death for men aged between 15 and 64 and was a prime factor behind a 28 per

cent drop in that age group's life expectancy since 1990 - a decline to a level last seen in the 1920s. In one Hungarian county, a 35-year-old man has only a 50 per cent chance of reaching 65, compared with 79 per cent for his Austrian counterpart.

Dr Sándor Farkas, Katalin's doctor, is not hopeful of improvements in the near future. But there is one positive trend - excess drinking at work is increasingly unacceptable, with much of the economy now in private hands.

"Official statistics don't present a reliable picture as there is a large black market in drink, much of it smuggled in from abroad," he says. "We know there are some dangerous substances around - very toxic, very cheap and completely unapologetic - because we're seeing cirrhosis like never before."

He says the authorities appear unwilling to clamp down on the many alcohol and cigarette manufacturers that ignore or find ways around the ban on advertising their products, noting that these industries are important sources of employment and tax revenues.

The increased pressure from alcohol-related diseases comes as the national health system is under increasing

Hungary: drink takes its toll



pressure to make cuts and reorganise due to the large debts run up by the fund which manages it.

The semi-independent fund is supposed to be self-financing but its considerable deficits are picked up by the state. In the first half of

this year, its spending gap reached Ft17.45bn (\$15m) - though it got parliamentary approval for a deficit of just Ft1.56bn for all of 1996.

"Healthcare is top of the reform agenda due to its impact on public finances. This is good news as the

present system serves the public poorly and is expensive," says a western adviser.

The problem is that the health ministry is resisting reform rather than leading it. It is leaving too much to the finance ministry, whose main concern is cuts. This is a simplistic approach. You can't expect the health fund to balance its budget in one year. There is a need for a well thought-out long-term strategy."

What most irks many analysts is that several reasons for the nation's poor health are lifestyle-related. As well as alcoholism and smoking - nearly a third of the population smokes and the country's annual cigarette consumption per capita is double western European levels - the traditional Hungarian diet is one factor behind high levels of heart disease.

Hungarians eat a lot of meat and animal fat but just 2-3kg of fish a year, compared with a world average of 12kg, says Dr Gyula Pados, president of the Hungarian Nutrition Council. He estimates two thirds of the population need to go on a diet to combat high cholesterol but says many are unaware they are in poor health or that their diet is part of the problem.

A typical main course is pork stew, cooked in lard, with gnochi and lashings of sour cream. Vegetables are often pickled and salads drenched in sugary dressing. A popular breakfast snack is goose or pork fat on toast with a sprinkling of paprika washed down with a shot of vodka or polinka, a fiery fruit brandy.

"A particular problem is inadequate health education at school. This is where we need to start campaigning," says Dr Pados. "Kids learn about amoebae but they don't know what heart disease is."

But doctors say it is hard to get people to listen to state-run public health campaigns - after four decades of communism, public distrust of official propaganda is high.

Nevertheless, some analysts complain the government is half-hearted in launching such campaigns because it fears they will be unpopular.

"Officials have told me they are against the aggressive anti-smoking campaigns that have been so successful in the west because the population is enduring enough stress as it is with the transition to a market economy," says a western adviser.

"I call that sacrificing public health for social peace."

Corsica tension rises as separatists call off truce

By Andrew Jack in Paris

The uneasy "ceasefire" on the troubled French Mediterranean island of Corsica has come to an end, with a formal statement from the head of A Cuncolta, political wing of the clandestine FLNC-canal historic movement, criticising the national government.

Mr François Santoni, secretary general of the organisation, writes in the latest issue of its U Rim-bombu journal that the separatists will "pursue the struggle" and accuses Mr Alain Juppé, the prime minister, of "racism" in his

attitude to the Corsican people.

The warning this week signals renewed tensions between the government and nationalist groups, and the likelihood of a return to the spiral of nationalist violence that has gripped the island for more than 20 years.

Mr Santoni's comments formally ended a truce announced in January during a press conference held by 600 hooded and armed FLNC supporters on the eve of a visit to the island by Mr Jean-Louis Debré, the interior minister.

But in the last few months bomb attacks have continued

against the property of leading political figures and public buildings across the island. The bombings have intensified over the past few days. No group has claimed responsibility.

Early last month, a car bomb exploded in the northern town of Bastia, killing one Cuncolta militant and seriously injuring two others, including Mr Charles Pieri, the leading figure in the movement alongside Mr Santoni.

After this explosion the organisation ordered its militants to refrain temporarily from making any public comments or engaging

in political activity - a silence finally broken this week.

The FLNC-canal historic movement - at least four organisations in the splintered nationalist movement to have claimed responsibility for political bombings on the island in recent years - announced in April that it would extend its truce until October. This move came at a time of talks with the French government over aid for the island.

Mr Juppé has consistently said his priority is "firmness with dialogue", rejecting suggestions of constitutional or political reform

in favour of financial aid to boost the flagging local economy.

But Mr José Rossi, the centre-right politician who heads the regional council governing the south of Corsica and whose flat in Ajaccio was bombed this week, has suggested there has been an ambiguous "double dialogue" between some government representatives and the nationalists.

He has argued that Mr Juppé's official policy appears to be the one holding sway, which has surprised and destabilised the more conciliatory approach taken by other ministers or their representa-

tives with nationalists, who are anxious to secure immunity from prosecution for past crimes.

To the frustration of local magistrates, the government has assigned the investigation of crimes suspected of being linked to the nationalists directly to a special anti-terrorist group of judges in Paris.

There has been a clampdown on nationalists in the last few months - which prompted the FLNC to suspend its truce for two weeks. At the same time, Mr Pieri hinted that violence could spread to mainland France.

مكتبات الأصل

NEWS: INTERNATIONAL

Toshiba sets sights on Asia output

By Michio Nakamoto in Tokyo

Toshiba, one of Japan's leading electronics manufacturers, has said its production in Asian countries outside Japan will make up more than half its global output by early 1999, highlighting the escalating shift of Japanese production to the rest of Asia.

The company, which relocated the headquarters of its video cassette recorder business to Singapore in April, plans to invest ¥500bn (\$4.6bn) in production facilities in Asia over the next three years, and quadruple its output in the region to ¥760bn by the end of fiscal 1998.

It will also double the number of locally hired employees in Asia to 30,000, while the value of the company's sales in the region is expected to rise 45 per cent to more than ¥800bn, compared with ¥550bn last year.

While Toshiba's latest initiative is one of the most ambitious among Japanese businesses moving into Asia, it reflects Japanese industry's interest in gaining a secure foothold in the region as domestic markets mature. In the fiscal year to March 1995, Japanese companies invested ¥1,192bn in Asian countries outside Japan, compared with ¥767bn in fiscal 1993, according to the finance ministry. Investment

in Asia constituted 24 per cent of overall foreign direct investment, compared with 19 per cent two years ago.

As with other Japanese companies, Toshiba's Asian drive stems from the belief that the region will become the world's largest market in the medium term, with combined gross national product growing at an annualised rate of 7.5 per cent.

The continuing shift of Japanese industry overseas, however, casts a shadow over employment prospects at home.

According to the Management and Co-ordination Agency, jobs in the manufacturing sector dropped last year to a monthly average of 13,066, from 13,476 in 1994.

Meanwhile, a report published by the country's main employers' association this week suggests that while the Japanese economy may be showing signs of self-sustained recovery, the prolonged recession and the structural changes in the economy continue to have a strong impact on domestic employment.

A survey by the Japan Federation of Employers' Associations found that 77 per cent of member companies which responded to a questionnaire had conducted some form of employment adjustment, ranging from shorter working hours to a reduction in new employment.



Taiwan's President Lee Teng-hui addresses delegates at the ruling Nationalist party's annual congress yesterday

Taiwan hopes raised by Beijing's call for contact

By Laura Tyson in Taipei

A Chinese appeal last week for a resumption of contacts has kindled hopes in Taiwan that Beijing is at last ready to resume talks it broke off last year in anger over a private visit made by President Lee Teng-hui to the US.

Shipping companies and the government are also encouraged by China's announcement of a set of rules governing direct shipping across the Taiwan Strait. This represents the first formal Chinese response to a similar Taiwanese plan for limited restoration of sea links proposed more than a year ago.

"In principle we welcome this new law, but we are not very satisfied with certain parts of it," said an official at the Mainland Affairs Council, the cabinet-level policy-making body. "It is quite obvious China is trying to inject political issues into the law, and this is not good

Taiwan yesterday put an upper limit on the number of foreign workers it will allow in the country and launched job training schemes costing T\$860m (US\$31m) to trim the jobless rate from a 16-year high of nearly 3 per cent. Reuters reports from Taipei.

A government spokesman

for the development of cross-strait relations."

Taipei is disheartened by Beijing's insistence on treating the island as part of the People's Republic of China in any contacts, however limited. Officials say Taiwan will not open direct links under this premise.

Taiwan is keen to restart talks, and keener still to open direct sea and air links, which the government and business community view as important for the island's economic growth. Taiwanese investors have opened about 25,000 businesses in China,

said Taiwan would not accept new labour import applications and would freeze the number of foreign workers at 296,114 unless the jobless rate began to fall.

She noted, however, that the number of foreign workers already in Taiwan totalled only 229,492.

pouring in more than \$20bn in recent years, making China the island's biggest overseas investment destination. Taipei is also concerned about its business and trade links with Hong Kong once the colony returns to Chinese control in July 1997.

In contrast to China's recent plan, Taiwan's proposal last year for opening direct shipping attempted to circumvent the controversial issue of whether the route should be labelled "domestic" or "international" by designating notional "off-shore" shipping centres at

leading Taiwanese ports. Beijing later rejected this scheme.

Taiwan suggests that if Beijing can compromise on the sovereignty question, the two may be able to move forward on restoring shipping.

"If the new law passed by Beijing regarding cross-strait shipping can work together with our offshore shipping centre project, that would be a positive development," the Mainland Affairs Council official said. "There must be some similarities with our project."

But obstacles to improved cross-strait relations loom large. Last week Mr Lien Chan, Taiwan's premier, made a trip to Ukraine, a Chinese ally, infuriating Beijing, which believes Taiwan is not entitled to foreign relations. At the same time, Taipei launched a bid for entry into the UN for the fourth consecutive year, a campaign which Beijing has demanded be abandoned.

Chemical on TWA wreckage hints at bomb

By Patti Waldmeir in Washington

Investigators probing the crash last month of TWA flight 800 have uncovered the clearest evidence yet that the aircraft was brought down by a bomb or a missile, with the discovery of traces of PETN, a component used in some plastic explosives.

But law enforcement officials cautioned that it was too soon to rule out other scenarios, including the possibility that mechanical fail-

ure caused the explosion. However, they said traces of chemical residue discovered on fragments of wreckage were consistent with a bomb or missile.

In terms of loss of life, the TWA disaster would represent the worst crime in US history if it were found to have been caused by a terrorist device, which would be critical information in the event of a court case.

Investigators yesterday refused to confirm a report in the New York Times which said there was definitive evidence of a bomb or missile detonated inside the passenger cabin of the aircraft. "I'm

not going to comment on speculation," said Mr Robert Francis, head investigator and vice-chairman of the National Transportation Safety Board, who was interviewed on NBC.

"We're going to continue this investigation... We need more evidence... If it is a criminal act, there are people who are expert in this area," he said.

The residue is understood to have been found a fortnight ago, on a seat between rows 17 and 28

on the right side of the passenger cabin. Investigators have often said that they need just such evidence to confirm what they have long believed - that the aircraft was downed by a terrorist.

Officials are hoping to find further forensic evidence as salvage workers continue their five-week-long effort to recover wreckage from the ocean floor. The TWA aircraft exploded soon after takeoff from New York's John F. Kennedy airport on July 17.

Apec to take new look at IT tariffs

By Edward Luce in Davao, Philippines

Delegates at the Asia Pacific Economic Cooperation forum yesterday agreed to look again at a US proposal to eliminate tariffs on trade in information technology and products in advance of the World Trade Organisation's first ministerial meeting in December.

The initiative has split Apec, according to US officials, with some south-east Asian economies sceptical while more advanced east Asian members, including Taiwan and Hong Kong, have viewed it with enthusiasm.

But yesterday, countries hunkered to the US initiative agreed to draw up their own less extensive version of the proposals. All 18 members of Apec have agreed to produce individual definitions of desirable product ranges before the next Apec meeting in October.

"The first group in Apec wants to narrow the product range quite considerably," said Mr John Wolf, leader of the US delegation at the meeting, held in the Philippine city of Davao. "The second actually wants to extend the range of products to a broad definition of information technology."

The proposal - which, in its broadest version, could encompass all telecommunications, computer, television and software products in a process which would eliminate tariffs on IT by the turn of the century - has also been submitted to the WTO's market access committee in Geneva.

On the last day of the three-day meeting of senior officials, Apec delegates also agreed to draw up basic criteria for countries applying to join the free trade group. Ten nations, including Russia, India, Vietnam and Mongolia, wish to join but have been blocked by a three-year moratorium on new members. The moratorium, which lapses this year, could be renewed at the Apec heads of state meeting in November.

Officials said applicants would be required to submit individual action plans (IAPs) spelling out how they intended to eliminate barriers to trade and investment. The IAPs, which would cover 13 broad product lines, giving timetables and the scope of proposed trade liberalisation, would be based on the format used by Apec members.

Fifteen existing members have resubmitted IAPs which were initially drawn up in May.

INTERNATIONAL NEWS DIGEST

Market jitters over US orders

The latest US durable goods report prompted jitters on Wall Street yesterday when the increase in orders turned out to be significantly stronger than expected. The commerce department reported that the figure for July climbed by 1.6 per cent from the previous month, although with economists' consensus forecast of a 0.5 per cent increase.

The report sparked a quick sell-off in the fixed income market. At lunchtime the benchmark 30-year long bond was 1/8 down at 97 1/2, driving the yield up to 6.514 per cent. But equities largely shrugged off the figures - the Dow Jones Industrial Average was just 5.62 points down at 5,723.85.

The level of durable goods orders - including cars and home appliances - is an indicator of the state of the US economy. Wall Street is concerned that if the pace of US economic growth seen in the first half of this year continues unchecked, the Federal Reserve will have to push up interest rates to contain the threat of inflation.

The rise in orders was broad based apart from weakness in defence orders, which fell 38.5 per cent. Excluding the volatile transportation sector, July orders would have been up by 2.1 per cent, compared with 0.2 per cent in June and 1.1 per cent in May. Richard Tomkins, New York

CS\$50m pyramid fund broken

Toronto police estimate as many as 10,000 investors in Canada and Europe stand to lose C\$50m (US\$36.5m) from a recently uncovered illegal pyramid selling scheme. The victims were drawn into the scheme with promises of a 10 per cent monthly interest rate and were assured their money was doubling every day from investments in commodity futures and currency markets.

Mr Melbrind Alfabadie has been arrested on fraud and extortion charges. According to police, the organiser ran the scheme from the boot of a leased car, keeping few records. Investors complained that interest payments had stopped and demands for repayment of principal had gone unheeded.

Bernard Simon, Toronto

Guatemala accord agreed

Opponents in Guatemala's 36-year civil war have agreed to sign a final ceasefire agreement in Oslo next month, Norway's deputy foreign minister said yesterday. Mr Jan Egeland, who is in Guatemala, said that rebels and government leaders agreed to a signing ceremony in the Norwegian capital during October.

Guatemala's government and its rebel adversaries have had sporadic talks since 1991 about ending the conflict that has killed at least 140,000 people. A temporary ceasefire signed on March 20 had held and was to be made permanent at the Oslo ceremony, Mr Egeland said.

The key remaining issue is whether amnesty will be granted for attacks and human rights violations committed during the war, in which thousands of civilians disappeared.

AP, Oslo

Tokyo challenge to Jakarta

The Japanese government is poised to take Indonesia to the WTO in a dispute over car import tariffs. Japan has complained about proposed preferential tax treatment for cars produced under Indonesia's planned national car programme, a joint venture between a company headed by the son of President Suharto and Kia Motors of South Korea.

"We have told [the Indonesian side] that if cars [produced under the national car programme] are imported into Indonesia free of tariffs, we will have to adopt a serious response, which could include asking for a WTO dispute settlement panel," an official at Japan's ministry of international trade and industry said yesterday.

Michio Nakamoto, Tokyo

Fujimori to run for third term

After 14 hours of congressional wrangling which continued until early yesterday morning, Peru's ruling alliance cleared the way for President Alberto Fujimori to run for a third consecutive term in office in the year 2000. Almost all the opposition walked out in protest before the final vote.

Even opposition politicians who normally support the government were harshly critical of what they deem an unconstitutional manoeuvre.

Sally Bowen, Lima



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NEWS: UK

Farmers and ministers call for tough measures from Brussels to stabilise the market

Germans demand more action on beef

By Peter Norman in Bonn

The German agriculture ministry and the German farmers' union yesterday demanded more action by the European Commission to stabilise the beef market in the wake of the BSE crisis.

Their comments, which stress the export ban on British beef must be maintained, are likely to exacerbate the tense relations between Britain and Germany over bovine spongiform encephalopathy or "mad cow" disease.

The ministry said at a meeting between Mr Jochen Borchert, the German farm minister and representatives of the farmers and abattoir operators that there was a call for the UK to step up its programme for eradicating BSE. The meeting also called for the European Union ban on the export of British cattle, beef and beef products to be maintained.

The farmers' union warned that the German and European beef markets were "in a chaotic state" and that there would be a "hot

autumn" of unrest among farmers if they were not given substantial compensation for lost sales and falling prices.

The "hitherto inadequate measures taken by Bonn and Brussels" to deal with the crisis had led to "an explosive mood among German beef farmers", it added.

The German demands, coming in advance of a meeting of farm ministers in Brussels on September 16, mark the first salvo in what is likely to be a protracted battle over BSE. It also makes it less likely

that the British government will achieve its deadline of getting the export ban on British beef lifted by November.

Dr Richard Peters, agricultural attaché at the German Embassy in London, also insisted that his government was right to issue a warning about British lamb as long as there was a possible risk to public health from BSE.

German farmers and agriculture ministry agreed that the EU and German beef markets would only recover when consumers' faith in

beef had been restored. To this end, they demanded the introduction of an EU-wide mandatory system of identifying the origin of meat.

• Tesco, the large retailer, has entered trials for the UK's first comprehensive electronically based livestock control programme. The company together with SGS, a testing and inspection organisation, and Earlsmeir ID Systems is testing a programme designed to track livestock for sale in the supermarket from the point of birth.

US Lloyd's Names jockey over rights

By Richard Waters in New York

Last-minute jockeying over the legal rights of US members of the Lloyd's insurance market continued yesterday as it awaited a ruling from a US Federal court that could determine the success of its restructuring plan.

Judge Robert Payne was due yesterday afternoon to issue his ruling on an application by a group of US Names for an injunction

which could have the effect of blocking the Lloyd's plan. Names are individuals whose assets have traditionally supported Lloyd's.

The Virginia case comes just days ahead of Wednesday's deadline for Names to accept or reject the \$3.2bn (\$4.96bn) out-of-court settlement offer which is part of the recovery proposal.

Earlier, it emerged that the New York attorney general, Mr Dennis Vacco, had written to Judge Payne

urging him to allow US Names who do not accept the Lloyd's restructuring plan to pursue any legal claims through the US courts. Lloyd's has so far been successful in arguing in other US hearings that all disputes should be heard in UK courts.

The New York state intervention comes in spite of a settlement between Lloyd's and a group of states, including New York, last month. In that agreement, the states'

securities regulators agreed not to take action against Lloyd's in return for extra financial compensation for US Names.

An official at the New York attorney general's office said yesterday, however, that the state had reserved the right to fight for the Names' right to sue Lloyd's in the US court.

• Lloyd's yesterday reported a steep rise in the volume of business transacted in the latest auction

for places on syndicates at the insurance market. Ralph Atkins writes.

The "capacity" traded this week was equivalent to \$357m in premium income, bringing the total traded in the four auctions this year to \$735m - about 7 per cent of Lloyd's total capacity.

Lloyd's plans to hold eight auctions this year. So far \$16.5m has been paid for places on 118 syndicates.

Factory spending declines sharply

By Gillian Tett, Economics Correspondent

Manufacturing investment fell back sharply in the second quarter of the year, official figures showed yesterday.

The drop startled economists and business groups, who had expected the data to point to a small rise.

With the fall coming hard on the heels of weak manufacturing output figures, it cast fresh doubt about the mood in factories.

But investment data are liable to be volatile - and are sometimes subsequently revised.

Outside manufacturing, other areas of business stepped up their capital expenditure.

Measured overall, the Office for National Statistics said that capital expenditure by the manufacturing sector was a seasonally adjusted 4 per cent lower in the second quarter of the year than the first quarter.

Compared with the same period a year before, the spending level was 5 per cent lower. The last time that investment was this weak was at the start of 1995.

Most of the quarterly fall stemmed from lower spending on buildings and vehicles. Plant and machinery investment, by contrast, rose slightly in the quarter.

But this quarterly rise in spending still left the level of investment in plant and machinery 7.4 per cent lower than the same period a year ago.

The pattern is in marked contrast to the picture that most economists would expect to see at this stage in a recovery - particularly given that many companies expect to see some rebound in demand next year.

This gives more credence to the figures, since it suggests that the data were not distorted by any unusual statistical movements.

But some economists still suspect that the figures may be unreliable. The Confederation of British Industry yesterday said that its own survey painted a much more upbeat picture of investment intentions.

Mr Sudhir Juranekar, of the CBI, said: "We were surprised by the drop in the official data - on the basis of our own survey evidence we expected the number to show a modest increase."

• Car production jumped by 19 per cent in July compared with the same month a year ago. While the largest proportion of the increase was destined for export, a year-on-year rise of 8.7 per cent in output for the domestic market was hailed by the industry as further evidence of a recovery in the UK new car market.

UK NEWS DIGEST

Offer studies power prices

Offer, the electricity regulator, has launched an inquiry into wholesale electricity prices after sharp rises this week took August prices to levels not seen since privatisation in 1990.

The worst day for consumers who buy directly from the wholesale electricity market was Wednesday when the average price at 4.4pence a kilowatt hour was nearly 60 per cent higher than for the same day last year.

Amid accusations by some industrial customers of price rigging, Offer said it was surprised that prices should be so high, especially as summer was a period of seasonal weakness in prices. The surge comes five months after a price cap was lifted.

Power industry executives said this week was unusual in that about 13,000MW of generation capacity was out of service for maintenance. This is equivalent to 30 per cent of the installed generating capacity of the UK.

Mr Don McGarrigle, who chairs the electricity subgroup of the Major Energy Users' Council, said it was possible that the generating companies were manipulating their availability of plant to push prices higher.

Simon Holberton

INDUSTRIAL ACTION

Rail strikes to continue

Rail strikes may spread next month, but a threat by mail workers to extend their next two strike days to four was withdrawn yesterday.

Thousands of passengers on the national rail network were affected yesterday in the first 24-hour stoppage by train crews employed on seven train operating companies which are still in the public sector. There will be another strike on these routes next Tuesday.

Turnout across the rail network by train crews belonging to the RMT transport union looks set to escalate next month as more private operating companies are balloted on strike action for productivity pay and rest breaks as part of a rolling programme of disruption.

In the mail dispute, management of the Royal Mail offshoot of the Post Office and officials of the Union of Communication Workers have expressed optimism that the protracted dispute could be settled quickly.

Robert Taylor

RADIO

Classical music station bought

Fast-expanding local radio operator GWR Group is swallowing Classic FM, Britain's first national commercial radio station, paying £71.5m (\$110.82m) for the 88 per cent it does not already own. As part of a complex deal, EMI Group, the newly independent music publisher and retailer, will acquire 10 per cent of GWR. The stake will form a platform for EMI and GWR to set up joint venture radio stations overseas. Sir Peter Michael, the corporate venturer who helped found Classic in 1982, will become a non-executive director of GWR.

The merger of Classic and GWR marks the latest phase in a rapid consolidation of the UK's increasingly profitable commercial radio stations. With 4.6m listeners a week, Classic FM has more listeners than the 3.8m achieved by all of GWR's stations combined. But while the UK station is understood to make an operating profit of more than £2m a year, losses from its overseas venture caused a pre-tax loss of £2.8m in the year to November 30 1995.

Ross Tremain
Lex, Page 24

BROADCASTING

BBC appeals for more funds

The BBC last night appealed to the government for the first real increase in the size of the licence fee for more than 10 years. The BBC, which carries no advertising on its television and radio programmes, is financed through revenue from the fee from the state licence which all users of television sets are required to buy.

Mr John Birt, the BBC director-general, warned that if the public-service corporation was to sustain its existing level of services and creativity "then at some point in the future - and for the first time since 1985 - we shall need a real increase in the level of the licence fee".

GUEST BEERS

European move disputed

The government yesterday hit back at a European Commission move to force the UK to change its rules on "guest beers" - draught beers produced by one brewer and sold in public houses tied by contract to another. Mr John Taylor, corporate and consumer affairs minister, said: "The commission's concern is that the provision indirectly discriminates in favour of UK brewers, contrary to Article 30 of the Treaty of Rome. The UK does not accept this."

Mr Taylor said speculation that the commission's action could lead to an extension of the guest beer provision to include lagers was unfounded. Any move to amend the provision would have to take account of competition, tenants and consumer choice.

Chris Brown-Humes

DRUG TRAFFICKING

Few illicit assets recovered

Only £12m of drug traffickers' assets have been recovered since the courts were given power to confiscate illicit proceeds in 1987, the National Audit Office reveals today. The asset recoveries represent a tiny proportion of drug seizures by Customs & Excise which amounted to \$510m (£790.5m) last year alone.

David Wighton



Zulemita Menem: one of her father's strongest supporters

Diplomats wary of Argentine visit

By Jimmy Burns in London

A flurry of diplomatic activity is under way to ensure that the visit to London next week of Argentina's first lady goes off with minimum fuss.

Ms Zulemita Menem, the 25-year-old daughter of Argentina's president, arrives for a two-day visit at a time when Buenos Aires and London have yet to resolve difficulties arising from the Falklands war 14 years ago.

Both governments have resolved to stay as little as possible about the trip. "This is the kind of visit we could have done without," admitted one Argentine diplomat. "Miss Menem is on a private visit," was the comment from the Foreign Office - Whitehall short-hand for wishing she was not coming.

London continues to reject requests from President Menem himself for a state visit to the UK, judging that in some military and parliamentary quarters, memories of the conflict are still too fresh.

But this has not stopped Zulemita from securing her entry visa like any ordinary

Argentine. "She's going to buy some clothes and maybe see a rock concert," said President Menem's biographer, Ms Gabriella Cerutti.

Since Zulemita's parents separated after a highly publicised family row five years ago, she has played host to visiting dignitaries and accompanied her father on official visits abroad. That was until last week when her mother banned her from joining President Menem on a visit to Malaysia.

Controversy has dogged Zulemita ever since she took a course in business studies at Buenos Aires university. A fellow student claimed her bodyguards passed her an exam crib.

Last November Zulemita hosted a dinner in the presidential palace for the Princess of Wales, but only after discharging herself from a clinic where she had been undergoing a much publicised treatment for depression, together with her mother Zulema.

Zulemita was deeply affected by the death in a helicopter crash last March of her brother and the presidential heir, Carlos.

Disharmony hits the music business

Independent labels can find multinationals too acquisitive for their liking

When a big company takes over a smaller one, the deal is usually marked by a courteous statement expressing mutual satisfaction. But the acquisition of Go! Discs by PolyGram, the world's biggest music group, triggered a flood of abuse.

Mr Andy Macdonald, who founded Go! Discs with £500 in 1983 and has turned it into one of the UK's most successful independent record labels, issued a statement condemning the deal as "an oppressive acquisition" and resigned.

The outburst highlights the tension between the multinational groups such as PolyGram, which dominate the music industry, and the dynamic but often financially fragile, independent

labels that are so adept at discovering talent.

For years the music business has been locked in a cycle of consolidation in which new independent labels flourish for a few years only to falter and be bought by multinationals. The "big five" music groups - PolyGram, Sony, Warner, EMI and Bertelsmann - now command more than 70 per cent of the UK market, worth more than £1bn (\$1.56bn) at retail prices last year.

But young bands still prefer to sign to independent labels, which are often able to forge a closer rapport with them, than multinationals. Many successful UK acts - Oasis, Pulp, Björk, the Boo Radleys first signed to independents. Go! Discs'

portfolio includes best-selling acts such as Paul Weller and Portishead.

The finances of these labels are precarious - largely because their roster of artists is so small that they often hit cashflow problems if albums flop or too much time lapses between releases - that they often have to be bailed out.

Typically the big groups acquire independents after they have gone into receivership. Sometimes compromises are struck in which the multinationals take on distribution rights to the independent's acts outside the UK.

Go! Discs clinched such a deal when PolyGram acquired 49 per cent of its equity in 1987. Creation, the

label behind Oasis, sold 49 per cent to Sony for £2.5m in 1992 in a deal enabling Sony to buy the rest of the shares four years later.

When Sony started talks to take control of Creation this spring, the balance of power had swung in the independent's favour. Creation had a string of successful acts but Oasis was a gold mine, selling more than 15m copies of its first two albums worldwide.

Mr Alan McGee, Creation's co-founder, is so close to Oasis that the band took him on stage when they collected their trophies at this year's Brit awards. He and Mr Dick Green, his fellow founder, threatened to leave Creation if Sony exercised its right to take full control. Fearful of losing them, Sony agreed to

an unprecedented deal in which it paid them £12m to extend the 49 per cent agreement for five years.

Unsurprisingly, Mr Macdonald, then in talks with PolyGram over its plan to take control of Go! Discs, wanted similar terms. But Mr John Kennedy, the lawyer who clinched Creation's £12m deal with Sony, had since become chairman of PolyGram UK and, as a poacher-turned-gamekeeper, refused to agree.

PolyGram has been left with 100 per cent of Go! Discs. Mr Macdonald has lost the company he founded, but is several million pounds wealthier. And the balance of power has swung away from independents again.

Alice Rawsthorn

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NOTICE OF MEETING

Notice is hereby given of a meeting of Bondholders to be held on 19th September, 1996 at 10 a.m. at the offices of Chase Manhattan Trusts Limited (the "Trustee") at Woolgate House, Coleman Street, London EC2P 2HD to consider and, if thought fit, approve the following resolutions as Extraordinary Resolutions (as defined in the Trust Deed dated 26th June, 1994 between the Company and the Trustee):

- THAT the Extraordinary Resolution passed at a meeting of Bondholders held on 25th July, 1996 be and is hereby revoked and is hereby directed not to give notice to the Company that the Bonds are immediately due and repayable and/or take any steps to procure repayment of the Bonds.
- THAT, subject to the First Supplemental Trust Deed referred to in Resolution 4 below being duly executed, the Company's proposal that the Bonds be redeemed pursuant to a put option exercisable on 23rd September, 1996 at the principal amount of the Bonds and 25 per cent of the accrued interest on 23rd September, 1996 at the Redemption Amount of the Bonds, be and is hereby approved in principle and, without limitation, the following amendments to the terms and conditions of the Bonds be and are hereby approved in principle:-

(a) The following paragraphs shall be inserted as Condition 7(D) and Conditions 7(D) to 7(G) shall be renumbered accordingly:-

"Redemption at the option of the Bondholders

(i) The Company will, at the option of the holder of any Bond, redeem such Bond on 23rd September, 1996 (the "First Put Date") at the principal amount of such Bond together with interest accrued to the date of redemption. To exercise such option (the "First Put") the holder must, by no later than 5 p.m. (Brussels time) on 19th September, 1996 deposit such Bond, together with all Coupons relating to it which mature after the date fixed for redemption, with any Paying Agent together with a duly completed redemption notice in the form obtainable from any of the Paying Agents. No Bond so deposited may be withdrawn (except as provided in the Agency Agreement) without the prior consent of the Company. Notice of the commencement of the period for the deposit of the Bonds for redemption pursuant to this Condition 7(D) shall be given to the Bondholders on 17th September, 1996.

(ii) The Company will, at the option of the holder of any Bond, redeem such Bond on 23rd September, 1996 (the "Second Put Date") at the Redemption Amount of such Bond. To exercise such option (the "Second Put") the holder must, not more than 60 days nor less than 30 days prior to such date, deposit such Bond, together with all Coupons relating to it which mature after the date fixed for redemption, with any Paying Agent together with a duly completed redemption notice in the form obtainable from any of the Paying Agents. No Bond so deposited may be withdrawn (except as provided in the Agency Agreement) without the prior consent of the Company. Not less than 30 nor more than 45 days notice of the commencement of the period for the deposit of the Bonds for redemption pursuant to this Condition 7(D) shall be given to the Bondholders.

In this Condition "Redemption Amount" means an amount equivalent to the principal amount of such Bond to be redeemed multiplied by the percentage calculated in accordance with the formula outlined in (b) below (the "1996 Put Price") together with interest accrued to the date of redemption.

(b) The 1996 Put Price will be calculated by the Company in accordance with the following formula:

$$P2 = (1 + \frac{C}{100}) \times (P1 + \frac{C}{100} \times \frac{D}{360}) - \frac{C}{100} \times \frac{D}{360} - SC$$

Where:

P2 = 1996 Put Price expressed as a percentage (rounded up, if necessary, to the nearest three decimal places).

P1 = 1996 Put Price (which equals 100 per cent.).

C = ¾ per cent. (being the current interest rate).

SC = The number of days from the First Put Date (23rd September, 1996) to the next Interest Payment Date.

D = 360 - 253

(c) P2 is to be calculated on a 360 days per year basis as described in Rule 251.1 and Rule 803.1 of the Rules and Recommendations of the International Securities Market Association (or any substitute or successor thereof) and expressed as a percentage.

Y = Yield on the Reference 3 year U.S. dollar LIBOR swap rate.

The Yield on the Reference 3 year U.S. dollar LIBOR swap rate for the purposes of Y above, will be determined by Daewoo Securities Co., Ltd. on the following basis:

The "Yield" will be the offered 3 year U.S. dollar LIBOR swap rate which appears on the display designated "GOTX" on the Reuters monitor (or such other page or service as may replace it for the purpose of displaying the offered yields on such Reference 3 year U.S. dollar LIBOR swap rate) for the first quotation in the Reference 3 year U.S. dollar LIBOR swap rate occurring on or after 10.00 a.m. (Hong Kong time) on the Determination Date.

"Determination Date" means 19th September, 1996.

(d) The words "and (C)" in the third line of Condition 7(A) shall be deleted and the words "(C) and (D)" shall be substituted therefor.

(e) The words "paragraph (D)" in the second line of Condition 7(F) (renumbered as Condition 7(G) pursuant to resolution 2(a) above) shall be deleted and the words "paragraph (E)" shall be substituted therefor.

3. THAT, subject to the First Supplemental Trust Deed referred to in Resolution 4 below being duly executed, the Company's proposal that the Bonds which are redeemed pursuant to the First Put or the Second Put need not be cancelled and may be redeemed or resold in the open market or otherwise at any price be and is hereby approved in principle and, without limitation, the following amendments to the terms and conditions of the Bonds be and are hereby approved in principle:-

The words "save that any Bonds or Coupons redeemed at the option of a Bondholder pursuant to Condition 7(D) need not be cancelled and may be redeemed or resold" shall be inserted at the end of the first sentence of Condition 7(F) (renumbered as Condition 7(G) pursuant to resolution 2(a) above) which will now read as follows:-

"All Bonds which are redeemed or converted or purchased or surrendered to any Paying Agent for cancellation as provided in paragraph (E) of this Condition will forthwith be cancelled together with all unremitted Coupons attached thereto or surrendered therewith), save that any Bonds or Coupons redeemed at the option of a Bondholder pursuant to Condition 7(D) need not be cancelled and may be redeemed or resold. All Bonds cancelled (together with all unremitted Coupons cancelled) will be forwarded to or to the order of the relevant Paying Agent and may not be resold. If any Bonds or Coupons are redeemed by the Company or any Subsidiary and cancelled without all unremitted Coupons appearing thereto, the Company will make payment in respect of any such missing unremitted Coupon in accordance with Condition 5 of the relevant Bond. The Company has retained outstanding for the period to which such Coupon relates."

4. THAT the First Supplemental Trust Deed, in the form produced to the meeting, which following due execution by the Company and the Trustee is to implement the above resolutions be and is approved and the Trustee be and is authorised and directed to execute the First Supplemental Trust Deed.

5. THAT, subject to the execution of the Second Supplemental Trust Deed referred to below by the parties thereto, the proposed merger (the "Merger") of Inkel Corporation into Haeil Electronics Co., Ltd. pursuant to the Merger Agreement dated 12th May, 1995 between Inkel Corporation, Haeil Electronics Co., Ltd. and Now Precision Co., Ltd. at a merger ratio of 0.8925 so that one Non-voting Share of Inkel Corporation will be exchanged for 0.8925 fully paid-up Non-voting Shares of Haeil Electronics Co., Ltd. with the current conversion price adjusted in an equivalent manner, to take effect on 1st November, 1996 and with the other Conditions unchanged, be and is approved, and the Trustee be and is authorised and directed to execute a Second Supplemental Trust Deed, substantially in the form produced to the meeting with such changes thereto as the Trustee may approve, to give effect to the Merger.

Outstanding Bonds (as defined in the Trust Deed) may be deposited with (or to the order or under the control of) a Paying Agent for the purpose of obtaining voting certificates or appointing proxies until 48 hours before the time fixed for the meeting, but not thereafter.

It is for Bondholders to decide whether the 1996 Put Price adequately compensates them for deciding not to exercise their option to require the Company to redeem all or some only of the Bonds held by them on the 1996 Put Date, or not to exercise any other relevant rights that the Bondholders may have.

All Bondholders contemplating taking any action in respect of the matters contained in this notice should seek independent advice as to their tax position and, if in any doubt, should also seek independent financial advice. In accordance with its normal practice, the Trustee expresses no view as to the merits contemplated in these resolutions and as to the question of how Bondholders should vote in relation to the resolutions. The Trustee shall not be responsible to Bondholders in relation to the outcome of the vote on any of the resolutions.

The Company has been advised that persons whom it believes represent over 70 per cent of the Outstanding Bonds intend to vote in favour of the resolutions and accordingly it is highly likely that they will be duly passed. The Company will publish a notice on 17th September, 1996 stating the result of the meeting and whether the First Put may then be exercised and, accordingly, any Bondholder wishing to exercise the First Put will need to act in a timely manner in accordance with Resolution 2.

Copies of an explanatory statement by the Company in respect of the matters contemplated in these resolutions and the listing of the Bonds on the Luxembourg Stock Exchange, together with details of the First and the Second Supplemental Trust Deeds, will be available for collection by the Bondholders as from 2nd September, 1996 at the specified offices of each of the Paying Agents set out below.

PRINCIPAL PAYING AGENT
The Chase Manhattan Bank
Woolgate House, Coleman Street
London EC2P 2HD

PAYING AGENT
Chase Manhattan Bank Luxembourg S.A.
5 rue Pictet
L-2338 Luxembourg-Grund
Issued by: Inkel Corporation

Dated: 24th August, 1996

سكاي من الامم

Kvaerner seeking partner for Cunard

By Tim Burt

Kvaerner, the Norwegian engineering and shipbuilding group, is seeking a joint venture partner for Cunard, the London-based UK cruise line which it inherited with its \$804m takeover this year of Trafalgar House.

The company has scaled down plans for outright disposal of the eight-ship fleet, including the QE2 liner, and is hoping to sell a stake to competing operators or institutional shareholders.

Two UK venture capital companies have been asked whether they would consider investing in the cruise line, and Kvaerner is also weighing approaches from rival operators interested in an alliance.

Kvaerner hinted at its plans at a meeting with its

banks this week it warned lenders not to expect a quick sale of Cunard.

The company has underlined its medium-term commitment to the cruise operator by authorising a \$40m (\$35m) investment in refits - including a \$22m overhaul of the QE2 - and computer systems. Cunard is also moving its headquarters from Manhattan to the New York suburb of Westchester.

The relocation, which involves the sale of its leased offices on Fifth Avenue and at Long Island City, will bring together administrative and sales operations on one site. The new offices will also house Cunard's marine and technical development managers, who have been relocated from Southampton.

The plans form a central plank of the restructuring

drawn up by Mr Peter Ward, the line's chairman and chief executive.

If the cruise operator can be returned to profitability over the next two years, Cunard hopes that Kvaerner will then consider expanding the fleet with new vessels built at its shipyards in Scandinavia.

Kvaerner already has a strong track record in cruise ship building and inter-company orders from Cunard would help fill excess capacity at some of its yards.

Meanwhile, Mr Erik Tonseth, chief executive, is thought to be finalising the first of a series of small non-core disposals.

The US plastic components arm of John Brown, the former Trafalgar House business, is expected to be the first to go.

Lotus shoos the circling vultures

John Griffiths meets Romano Artioli, the man at the centre of the storm

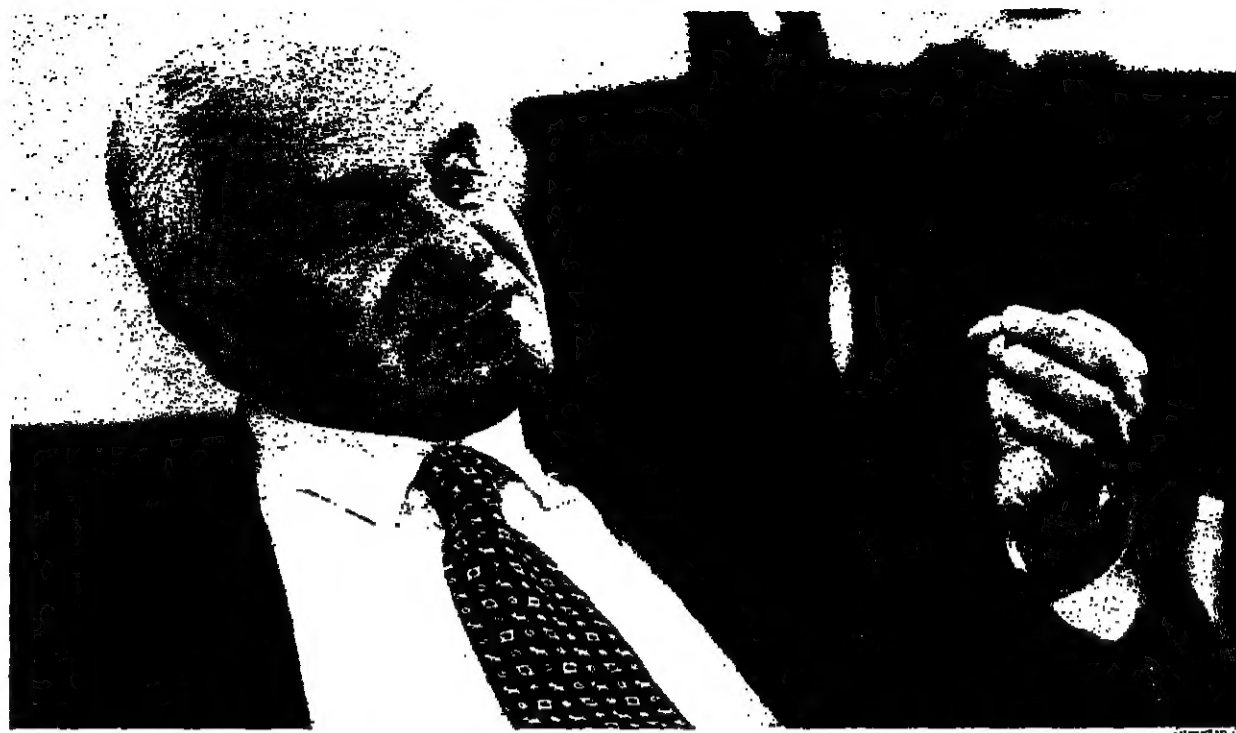
By the beginning of this week, the vultures circling over the Norfolk countryside were starting to look puzzled.

Their quarry should have been visibly buckling at the knees by now. Instead, it was gesticulating at them in robustly hostile fashion and indicating in voluble Italian that they should flock off.

Mr Romano Artioli, the Italian entrepreneur who owns Group Lotus, the sports car and engineering concern, claims he and Lotus are the victims of a fully-fledged conspiracy to create the impression the company is on the brink of receivership and that he must quickly find a new owner. This is, he insists, well wide of the mark.

Lotus is, indeed, severely short of cash. But the problem is claimed to be short-term, not terminal, and its bank, Midland, is said to be supporting the company until revenue starts flowing from its new Elise sports car and consultancy contracts.

Not least, adds Mr Artioli, "the Bugatti problem will be solved; and within the next few days".



Gesticulating at the predators: Romano Artioli claims he and the company are victims of a fully-fledged conspiracy

Lotus Cars' current difficulties take two main forms:

- The revenue stream from contract engineering, which provided £40.4m of its £55.4m turnover and nearly 50m of its £8.5m operating profits last year, is starting to dry up. General Motors, Lotus's former owner, threatened to withdraw its engineering business - about 70 per cent of the total - if a proposed sale to Daewoo had gone ahead. Existing GM business is continuing, but the world's biggest carmaker has shown no sign of willingness to provide further contracts.
- This is happening at the worst possible time for Lotus. Its cash flow problems include the loss of last year's income from building 800 "run-out" versions of the now-defunct Elan.

The company is bearing heavy start-up costs for the Elise, planned to sell for less than £20,000. It has also invested heavily in developing a new V8 engine range for its Esprit supercar and for sale to other carmakers. It has also just finished spending on new engine test cells and other facilities for its engineering business.

The outcome is that its suppliers have become increasingly nervous, particularly after Mr Kapur and other Lotus directors threatened to put Lotus Cars into receivership unless Mr Artioli agreed to sever his links with the company - a tactic which led to their rejection from Lotus's Hethel

headquarters last month.

It is a sensitive time for suppliers. They have been asked by Mr Artioli and his current board - comprising associates linked with Bugatti International, Grand Marques SA and ACBN Holding, the Luxembourg-based holding companies for Bugatti and Lotus - to prepare to triple production of components for the Elise. Its output is to be increased to 2,500 a year, from an originally envisaged 400 this year and 500 a year from 1997.

Their nervousness has been increased by a scare-mongering campaign. Faxes sent anonymously to motoring magazines and other media have alleged that suppliers have pulled out, that Midland is about to take action and that £500,000 in deposits from 500 would-be Elise owners has already been spent.

Several suppliers cited as ready to pull out, when contacted by the FT, said Lotus had been a late payer - but it had paid. All appeared prepared to step up supplies. "I really believe the Elise is going to be a big success," said Mr "Oz" Tims, managing director of Cambridge-based Titan Motorsport, which supplies the steering rack and other components.

Last week, with most of Lotus's 1,000 employees onsite and both the Elise and Esprit production lines moving, Midland's relative unconcern about Lotus's viability appeared justified. Its

Honda revises forecasts following surge in profit

By Michio Nakamoto in Tokyo

Strong sales of recreational vehicles and a favourable exchange rate helped Honda more than quadruple pre-tax profits to ¥76.1bn (¥704.82m) in the first quarter. Sales rose 30 per cent in the period, from ¥944.5bn to ¥1,230.5bn.

The Japanese car maker also revised its full-year forecasts, with group sales now expected to be ¥4,900bn in the year to March, rather than the ¥4,700bn forecast in May. A net income of ¥160bn, rather than ¥120bn, is now forecast, and compares with ¥70.8bn a year earlier.

Honda's strong perfor-

mance was based largely on a 20 per cent rise in sales of recreational vehicles in Japan in the first seven months of this year. There was particularly strong demand for the Odyssey mini-van, with monthly registrations averaging about 10,000 units to July this year.

The CR-V, a sportier vehicle, has also sold strongly since it was launched in October last year. Average monthly sales have been running at about 10,000 units against an initial target of 3,000 per month.

Honda also expects unit sales in Japan this year to exceed its initial forecast of 730,000, and now believes it can sell 750,000.

In the US, vehicle retail

sales were up 10 per cent, with the increase due mainly to the Accord and the Civic, two of Honda's most important bread-and-butter vehicles. In the seven months to July, Accord sales in the US rose nearly 12 per cent while the Civic was up 7 per cent.

Sales of the Civic, which is also popular in Europe, proved so strong in the US that Honda was forced to reverse a decision to stop exports of the model.

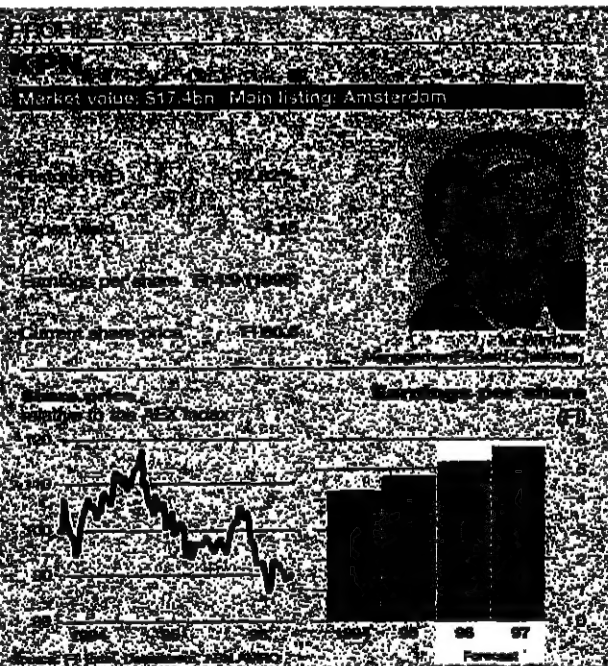
The results were further buoyed by a favourable exchange rate, which contributed ¥25bn towards a ¥42.4bn increase in operating profits. There was also a pre-tax gain of ¥10.4bn on a share exchange.

KPN stays upbeat after modest first-half advance

By David Brown in Amsterdam

KPN, the privatised Dutch post and telecoms utility, yesterday unveiled first-half net income of F1.13bn (¥181m), up from F1.1bn for the same period a year earlier, and said growing competitive pressure on telecommunications tariffs would not prevent further growth in sales or an increase in net income for the full year.

Operating income advanced by 12.7 per cent to F1.218bn, helped by the relatively modest 3.6 per cent increase in total operating expenses to F1.809bn. Total operating revenues increased from an adjusted F1.945bn to F1.10.2bn, with sales volumes up in all sectors.



KPN said high start-up costs of new services introduced by its KPN Kabel cable network, as well as foreign acquisitions made by that unit, combined to increase financial costs and depress overall group earnings growth.

Early this year, KPN Kabel acquired a 90 per cent stake in Coventry Cable and took control of Réseau Câblés de France. The unit lost F1.30m in the first half, while the KPN Multimedia division lost a further F1.3m.

From the start of this year, Dutch VAT has been levied on telecom services. KPN adjusted its figures to reflect this change and said it would have no impact on full-year results.

Adjusted turnover at KPN's telecoms operation rose by 7.8 per cent to F1.69bn owing to increased traffic volume on the national network, with a particularly strong 88.9 per cent increase in mobile phone services.

However, the telecom unit reported "significant" price cuts in a competitive market, especially on the international side of the operation where sales declined 5.2 per cent to F1.1bn.

In spite of the pressure on tariffs, first-half operating profit within telecoms rose by an adjusted 10.7 per cent

to F1.77bn, largely as a result of the moderate increase of 0.8 per cent in operating expenses. There were lower provisions for restructuring in the first half of this year than in 1995.

On the postal side of the organisation, total sales advanced by 8.3 per cent to F1.32bn on higher volumes of domestic and international mail as well as acquisition-based growth in courier services. The operating profit advanced from F1.291m to F1.41m.

The group intends to pay an interim dividend of F1.1 per share.

Strong Irish side buoys Grafton

By Mark Ashurst

A sharp increase in first-half profits at Grafton Group, the acquisitive builders' merchant traded in Dublin, confirmed the robust health of the Irish Republic's construction industry.

Pre-tax profits for the six months to June 30 jumped 48 per cent to £55.64m (£5.9m) before an exceptional £198,000 gain on property sales. Turnover was 23 per cent higher at £590.2m, helped by a £24.45m contribution from acquisitions.

The shares rose 35p to 660p.

Mr Michael Chadwick, chairman, said the group's Irish Republic businesses had outperformed the market, with higher demand in the DIY and merchandising sectors. Operating profits rose by 65 per cent to

£55.61m. The group's operations include the Woodies DIY chain and Chadwicks builders' merchant.

In the UK, Johnsons, the Oxford-based builders' merchant acquired in January, broke into profit. It helped push UK sales up 32 per cent to £222.7m.

Weaker market conditions in Northern Ireland dented profits at Macnaughton Blair, the Belfast-based builders' merchant. UK operating profits fell to £500,000 (£334,000), despite a 32 per cent increase in sales to £222.7m after the acquisition.

Johnsons and Bradleys, the UK heating and plumbing merchants, both opened branches in London after acquiring retailers there. The group plans further acquisitions in the UK building materials market.

Swedish Match struck by one-offs

By Hugh Carnegie in Stockholm

Swedish Match, one of the most famous names in Swedish industry, yesterday reported a fall in pre-tax profits for the first half of the year, in its first results statement since returning to the Stockholm Stock Exchange. It said, however, there had been an underlying increase in earnings.

The group, spun off in May from former parent Volvo, is still the world's biggest maker of matches, but now derives most of its income from tobacco products and lighters in Europe and the US. It said pre-tax profits had fallen from SKr368m in the first six months of 1995 to SKr322m (¥82m) this year. However, the results were

distorted by a one-time gain of SKr325m in the same period last year and a one-time charge in the latest period of SKr123m.

Operating profits before non-recurring items rose to SKr741m, compared with SKr588m last time, in spite of a small fall in sales due chiefly to adverse currency effects, but also to some price falls.

Group sales were SKr3.58bn compared with SKr3.85bn last time, but were stronger in the second quarter. "The tobacco divisions noted strong results during the second quarter of 1996, with increased sales of virtually all product types," said Mr Göran Linder, chief executive.

The group's shares fell slightly on the news, closing

down SKr0.30 at SKr19.00. The price was below the level of SKr19.50 at which Swedish Match opened when it was listed in Stockholm and on Nasdaq in New York, and was well under the subsequent high of SKr23.60. But it was up on the sub-SKR19 levels that it touched earlier in the week after worries in the US about anti-smoking legislation.

Originally the vehicle by which the Swedish financier Ivar Kreuger built an industrial empire in the 1920s, Swedish Match has undergone multiple changes of ownership and structure since Kreuger shot himself in 1932 in the face of crippling debts.

Its main business today is cigarettes and smokeless tobacco - notably the popu-

lar moist snuff called "snus". Swedish Match also owns Pinkerton, the biggest US maker of chewing tobacco.

It warned yesterday that annual earnings could be hit by about SKr40m a year by a change in its rights to sell Prince cigarettes in Sweden. Recently the European Commission forced Swedish Match to give up an arrangement with Skandinavisk Tobakskompani of Denmark for the exclusive licensing rights to the latter's Prince brand in Sweden, one of Swedish Match's chief sources of income.

Swedish Match said a new arrangement had been approved by the Commission under which the Danish company would resume marketing and sales of Prince in Sweden.

Indep Energy meets forecast

Independent Energy, the UK electricity supplier which came to the AIm in May, yesterday announced a pre-tax loss of £55,200 for the month to June 30.

Losses per share came out at 0.4p. This was in line with projections and was, according to Mr Bart Kewen, chairman, because "the company is in the investment or development stage, and will remain so for most of fiscal 1997".

Electricity revenues currently stand at an annualised £3m and the company has opened its first generating station, near Blackpool, Lancashire. The company markets electricity to smaller business customers at a discount of between 15 and 20 per cent to prevailing tariffs.

AEGON N.V., registered in The Hague, The Netherlands

INTERIM DIVIDEND 1996

The Executive Board announces its intention to pay an interim dividend for the fiscal year 1996 either entirely in cash or, at the option of the shareholders, entirely in stock to be paid out of the tax-free paid-in surplus or, if so requested, out of the net income of the first half of 1996.

The proposed interim dividend 1996 in cash is NLG 1.18 per common share of NLG 1.00 par value. In view of AEGON N.V.'s strong capital base the interim dividend in cash will be 2% to 5% higher than the value of the interim dividend in shares.

Shareholders are requested to make their election for cash or stock within the period set out in the time schedule below.

The proposal for the cash interim dividend will be submitted for approval to the Supervisory Board when the period of election has been closed. The value of the final proposal for the dividend in shares will be in line with the value indicated - barring unforeseen circumstances - and will be based on the closing share price on 11 September 1996. The new shares will participate partly in the 1996 results and fully in those of subsequent years. On 12 September 1996 the final interim dividend both in cash and in stock will be published.

The time schedule for the interim dividend 1996 is as follows:

Date	Event	Period of election
22 August through 11 September 1996	Determination of the dividend.	Ex-dividend quotation of AEGON shares.
11 September 1996	Ex-dividend quotation of AEGON shares.	
13 September 1996	Trade in dividend coupons to obtain rounded numbers.	
13 through 20 September 1996	Trade in dividend coupons to obtain rounded numbers.	Payment of dividend.
24 September 1996	Payment of dividend.	

If any shareholder, whose shares are held in custody with a bank or a broker, does not indicate a preference for cash or stock within the period of election, the bank or broker will automatically elect the stock dividend. Shareholders who prefer to receive cash, are requested to pass on their election through their bank or broker, to the principal paying agent, ABN AMRO Bank N.V.

Holders of shares which are not held in custody, are requested to pass on their election for stock to N.V. Nederlandsche Administratie- en Trustkantoor, Herengracht 420, 1017 SZ Amsterdam, The Netherlands. If no election has been made by them within the above mentioned period, they will receive their dividend in cash.

Banks and brokers are requested to pass on an election for payment in shares to N.V. Nederlandsche Administratie- en Trustkantoor and for payment in cash to the principal paying agent ABN AMRO Bank N.V.

Note: The above dividend payment procedure does not apply to holders of New York shares.

Copies of the half-yearly report are available in the U.K. free of charge to any shareholder, upon request, at UBS Ltd., 100 Liverpool Street, London EC2M 2RH.

The Executive Board

The Hague, 22 August 1996
50 Marijshoeverplein



COMPANIES AND FINANCE: UK AND IRELAND

Bass/Carlsberg deal imminent

By Christopher Price

The long-awaited sale of Carlsberg-Tetley, the UK's third biggest brewer, to Bass is expected to be announced today.

Protracted negotiations between the brewer's owners, Allied Domecq and Carlsberg, which were expected to be concluded yesterday, were said to have again been drawn out because of the complex nature of the deal.

Bass will pay about £200m

to Allied for its half-share in the joint venture. Carlsberg, the Danish drinks group, is expected to contribute some £20m together with its share, which will be subsumed into Bass's brewing subsidiary.

It is understood the Danish group will take a minority stake in part of the brewing division.

The talks, which have taken more than a year to complete, have been complicated by the monopoly implications for Bass.

The hotels, drinks and bet-

ting group already has 23 per cent of the UK brewing market and the purchase of Carlsberg-Tetley would add another 15 per cent.

However, Bass is understood to have stipulated a clause in the proposed agreement with Allied and Carlsberg should it not be satisfied with any regulatory conditions.

This would involve Carlsberg buying Allied's share of the joint venture back from Bass for £115m, while Allied would pay Bass some £30m.

Industry insisted S&N sell 115 pubs and loosen supply ties on another 1,000.

However, Bass is understood to have stipulated a clause in the proposed agreement with Allied and Carlsberg should it not be satisfied with any regulatory conditions.

This would involve Carlsberg buying Allied's share of the joint venture back from Bass for £115m, while Allied would pay Bass some £30m.

Bass would also take 50 per cent of the joint venture's profits during the period prior to any official conditions being imposed.

Carlsberg-Tetley made profits of £52m last year, all of which came from its lucrative supply agreements to Allied's estate.

The agreements are due to run out at the end of 1997. Analysts said if the contracts were renegotiated at current industry prices, profits would be all but wiped out.

Kepit not impressed by Treg's new bid

By Martin MacConnell

THE European Growth yesterday improved its hostile bid for the £500m Kleinwort European Privatisation Investment Trust, raising the stakes in the battle for control of the fund.

Treg, an investment trust managed by Henderson Touche Bannant, is offering to liquidate Kepit and give shareholders 99.5 per cent of the trust's net asset value after sale costs and advisers' fees.

This was Treg's profit on the deal by a third. When it first unveiled the bid in late July, Treg offered to give shareholders 99.25 per cent.

After deducting bid costs and its own fee, Treg hopes to pay shareholders 97 per cent of Kepit's net asset value of about £500m.

Other financial houses have put forward rival plans for the management of Kepit, although Treg is alone in seeking to wind it up.

Sir Geoffrey Little, chairman of Treg, said: "We challenge the board to say how they can improve on the offer and we urge Kepit shareholders to accept it."

But the Kepit board, which rejected Treg's first proposal on the grounds of cost, remains unimpressed and is recommending shareholders not to accept.

Mr Shane Ross, Kepit chairman, said: "The offer is very confusing. It is being presented as a fixed amount. In fact it is a moveable feast based on the value of the trust after paying liquidation costs and advisers' fees - and following a fire sale, to boot."

Kleinwort Benson Investment Management, which manages Kepit and is fighting to retain control through a proposal to utilise the trust, also dismissed the revised offer.

Mr Ben Siddons, director, said: "I would be surprised if the shareholders were impressed. The fee would be subtracted from the value of the trust after paying advisers - and that is not the same as the fund's net asset value which shareholders are used to thinking about."

"This deal would, effectively, only return about 96 per cent of the net asset value to shareholders."

Treg has also revised its share alternative. Kepit shareholders will now be offered a warrant in addition to every seven Treg shares they receive.

Treg's announcement overshadowed Old Mutual Portfolio Managers' interest in managing Kepit. Mr Talal Shukhri, head of equities, said it was proposing to turn the fund into a generalist European investment trust and was offering a "mechanism" to shareholders who want to liquidate their holdings.

Nine companies interested in Kepit have now outlined their proposals. The other known contenders are Morgan Grenfell, Fidelity, Fleming, M&G, Barings and Guinness Flight.

NEWS DIGEST

Irish Air buys 20% of Ryanair

Ryanair, the privately-owned Irish airline, yesterday sold a 20 per cent stake to Irish Air LP, a group of US investors headed by Mr David Bonderman, the Texas entrepreneur. Ryanair, owned by the family trust of Mr Tony Ryan, former head of the GPA aircraft leasing group, declined to disclose the consideration but the deal is believed to value the stake at £11m and the company at £55m (£57.7m).

Mr Bonderman, chairman of Continental Airlines, the fourth largest airline in the US, and two other Irish Air LP appointees will join the Ryanair board, currently led by Mr Ryan, who became chairman last year, and his three sons.

Ryanair indicated it would next year review an option to float to fund expansion of its fleet, currently comprising 11 Boeing 737s.

Using low cost fares, Ryanair controls 36 per cent of traffic on the Dublin-London route - one of the busiest in Europe. The company does not publish accounts but Mr Ryan said turnover exceeded £100m in 1995.

John Murray Broken

Buy-out of HSBC Gibbs' arm

HSBC Gibbs Holdings, a wholly owned subsidiary of HSBC Holdings, has sold its Premium Credit subsidiary to Vendocrow, set up by Premium's management, in a leveraged buy-out.

Short-term debt finance was provided by Electra Fleming. HSBC Gibbs received £40.3m cash and a 19.9 per cent interest in Vendocrow's ordinary equity, unsecured loan notes and redeemable cumulative preference shares.

Premium provides finance for corporate insurance premiums and spread-payment facilities for personal insurance, school fees and annual subscriptions.

Vartty holders agree merger

Shareholders at Vartty Corporation voted 99 per cent in favour of the merger with Lucas Industries at a special meeting yesterday. The £2.2m merger to form LucasVartty will create an automotive component supplier with combined annual sales of about £70m (£4.5bn). It will become the world's second-largest brakes manufacturer.

Lucas shareholders approved the merger earlier this month and the deal has received US and EC approval. The merger is expected to become effective on September 6.

Gilman appeal refused

Mr Peter Gilman, a director of Leeds United football club, was yesterday refused permission by a High Court judge to appeal against a decision to allow a £16.5m takeover bid for the club by Caspian, the media group, to proceed.

Last month the High Court threw out an action by Mr Gilman, one of the three original directors of the Premiership club, who claimed the deal should be blocked because it breached a prior agreement he had struck with the other two directors.

A spokesman for Mr Gilman said that he would take no further legal action against the Caspian deal. Geoff Dyer

Lawrence advances to £1.82m

Shares in Lawrence jumped 35p yesterday to 285p after the speciality chemicals and animal care company more than doubled annual pre-tax profits.

On sales of £13.6m (£8.47m) profits for the year to March 31 were £2.8m (£1.61m), with exports exceeding 43 per cent of turnover. The company, which moved from Rule 4.2 to AIM in September, said it had concentrated on organic growth. Net borrowings at March 31 were £441,629 (£1.74m) and net assets £2.88m (£2.03m).

Mr Lawrence said all subsidiaries were currently trading at "record levels".

Tex pay-out after recovery

Tex Holdings, the engineering and plastics group, rebounded from a dull first half to lift full-year pre-tax profits from £111,000 to £233,000 on static sales of £22.7m.

The recovery in the 12 months to March 31 was achieved despite charging goodwill of £300,000 on the closure of its housebuilding operation. It prompted the board to return to the dividend list with a 2p final - the company's first distribution since 1990.

Mr Anthony Barrows, chairman, said current order books were ahead of expectations.

The shares rose 5p to a year high of 76p.

Mallett shows 32% expansion

Increased spending on marketing helped Mallett, the antique furniture, glass and art works group, lift pre-tax profits 32 per cent to £773,000 in the first half of 1996.

Mr Rex Cooper, chairman, said both the Bond Street and Bourdon House shops had improved profits. Although stock levels and net cash inflow fell in the period, the top end of the fine art and antiques market had begun to show a more favourable outlook, Mr Cooper said.

Tullow Oil testing in Pakistan

Tullow Oil yesterday announced a testing programme in Pakistan following the detection of gas during drilling.

The statement was prompted by recent stock market activity. The shares yesterday rose 5p to 106p.

BA Asia Pacific appointment

Mr John Wood is to succeed Ms Val Gooding as director Asia Pacific at British Airways. Ms Gooding is leaving the company at the end of August. Mr Wood, 47, has been general manager/vice president for Canada for two and a half years. He will take up his new post on October 1.

In Brief

■ FIRST INFORMATION Group: Mr Richard Charkin has resigned non-executive directorship due to potential conflict of interest over Internet development.

■ MIDDLESEX HOLDINGS has acquired DRI (10M) for a maximum £2.2m. DRI has a distribution agreement for the sale of direct reduced iron or metallised iron ore pellets produced by Oskol Electrometallurgical Kombinat of Russia. Consideration will be met by the issue of up to 40m shares, half immediately and the remainder profit-related.

■ QS HOLDINGS has agreed with Scottish Equities the sale and leaseback of its store at North End, Croydon, for £2.6m. It will use the proceeds for developing its stores and business. The property's book value is £2.37m.

■ ST JAMES'S Place Capital is replaced in the FT-SE Mid 250 Index by British Polythene Industries, following the Scheme of Arrangement becoming effective.

■ UNIVERSAL SALVAGE chairman, Mr Cliff Bassett, has sold 1m shares at 267p, reducing his stake to 29.3 per cent.

Monument rides teething problems

By Robert Corzine

Monument Oil & Gas, the independent explorer, reported a rise in first half pre-tax profits from £5.3m to £6.8m in spite of teething problems at its Liverpool Bay offshore development.

A 70 per rise in production to 12,100 barrels of oil equivalent a day led to a sharp rise in turnover to £13.2m (£12.7m). Gross profits for the six months to June 30 rose 50 per cent to £8.28m.

Earlier this week Monument completed a complex corporate reconstruction in which it returned £33m to shareholders out of a possible £50m on offer. Mr Tony Craven Walker, chief executive, said about 85 per cent of shareholders decided not to take any cash, but opted to increase their shareholdings instead.

Four investment institutions used the reconstruction to exit from the company.

But Mr Craven Walker said the overall result of the restructuring was positive, and meant Monument could now focus on "reinvestment opportunities which will have the potential to add materially to shareholder value".

The capital return will reduce Monument's cash balance to £25m, but the company has already funded an ambitious exploration and development strategy.

Monument said it was optimistic that the technical problems that have dogged the commissioning of the Liverpool Bay project were close to being resolved.

Earnings per share were 0.98p (0.91p). There is no dividend.

COMMENT

Monument's first half results were about 40 per cent of what could have been expected had Liverpool Bay come on stream smoothly. The remaining problems do not appear insurmountable, so profits should rise sharply by the end of the year as production moves up. Shareholders should also not worry too much about the departure this week of four institutional investors. Monument's shares, which yesterday closed down 1 1/2p at 59p, may not be particularly cheap with a 12 per cent or so premium to net asset value. But this week's vote of confidence in the company's new exploration portfolio and management team appears justified.



Charting progress: Tony Craven Walker will focus on reinvestment opportunities

By Robert Corzine

BUSINESSES FOR SALE

ETBA FINANCE
FINANCIAL AND ECONOMIC SERVICES S.A.
(formerly GREEK EXPORTS S.A.)

ANNOUNCEMENT OF A PUBLIC AUCTION FOR THE HIGHEST BIDDER FOR THE SALE OF THE ASSETS OF "PATRAIKI-PATRAIKI READY-MADE CLOTHES INDUSTRY OF VOLOS S.A." PRESENTLY UNDER SPECIAL LIQUIDATION

ETBA FINANCE Financial & Economic Services S.A., established in Athens at 1 Ebrahimos & Vio, Constantinos Street, is in capacity as special liquidator of the above company, presently under special liquidation as per article 46a of Law 1892/1990, and in accordance with Decision No. 4996/1996 of the Athens Court of Appeal.

ANNOUNCES

a international public auction for the highest bidder with sealed, binding offers for the sale of the total assets of "PATRAIKI-PATRAIKI READY-MADE CLOTHES INDUSTRY OF VOLOS S.A."

ACTIVITY AND BRIEF DESCRIPTION OF THE COMPANY

The company under liquidation owns a cutting and sewing factory for ready-made clothes in Volos on Mitropoulos Gergiron and Antoniou Zolou Street in the Palaia district on a 10,307.41 m² plot of land. The factory building covers an area of 8,057.06 m² (ground floor) and a first floor 2,495.52 m² in area. The total volume of both floors is 44,966.76 cum. The building has a concrete frame with brick walls, glass windows and metal roofs. The company's assets include the factory's mechanical and auxiliary equipment, furniture and utensils, trade marks as well as a building plot at Dimas in the Volos region 9,286.61 m² in area.

TERMS OF THE AUCTION

- The present Auction shall be carried out in accordance with the provisions of article 46a of Law 1892/1990 as complemented by article 11 of Law 2000/1991 as in force today, the terms contained in the present Announcement and the terms contained in the relative Offering Memorandum regardless of whether or not they are repeated in the present Announcement. The submission of a binding offer implies acceptance of all these terms.
- Each interested party is invited to receive from the Liquidator the detailed Offering Memorandum and ask for any other information concerning the company under liquidation following a written provision of confidentiality.
- Interested parties are invited to submit a sealed, written and binding offer to the notary public of Volos, Attica, assigned to the auction, Mr Theodoros Syntomos-Papadopoulos, at 48 Chrysomou Syntomos Street, Tel. (101) 765.0738 & 766.1910 up to 12.00 noon on Thursday, 12 September 1996. Offers must be submitted in person or by a legally authorised representative. Offers submitted before the specified time limit will not be accepted or considered. Offers must not contain terms upon which their bidders may depend or which may be vague with respect to the amount and manner of payment of the offered price or to any other essential matter concerning the sale.
- On penalty of invalidity, offers must be accompanied by a letter of guarantee from a first class bank legally operating in Greece, valid until submission of the offer and up to the signature of the sale contract for the highest bidder to the amount of seventy million (70,000,000) drachmas.
- The offers will be opened by the above-mentioned notary in his office at 14.00 hours on Thursday, 12 September 1996 and all persons having submitted offers within the specified time limit are entitled to attend.
- Offers must clearly specify the offered amount and manner and time of payment. Part credit is acceptable on conditions that at least 20% of the total offered price is paid in cash at the time of the offer and the balance is settled in equal annual or six-monthly instalments, the first of which to be paid within one year from the date of signature of the relative sale contract, with interest at a monthly annual rate, correspondingly compounded.
- The factory can be put to any productive use by the buyer. However, if the buyer wishes to put it to any use other than the manufacture of ready-made clothes, then it is up to the buyer to obtain the necessary permits and at his own expense.
- The submission of an offer of participation in the Auction binds the bidder to the commitment of keeping the productive installations of the company in liquidation in operation for at least five (5) years.
- On all the points contained in the offer and on any other terms that may be agreed upon (job positions, amount of investments, length of time of operation, etc.) the buyer must accept clauses and other security, additionally covered by real collateral, to guarantee compliance with his commitments. Specifically on the subject of job positions there will be a penalty clause for the employer of 225,000 drachmas per month per worker for each day of the entire period the company is obliged to operate. Penalty clauses for job positions will be covered by the provision of real collateral.
- Essential guidelines for the evaluation of the offer are:
 - the size of the amount offered
 - the number of job positions created
 - the security provided for the settlement of any balance of the offered price on credit, and for the execution of any remaining terms under commitment
 - the conditions of the business operation of the interested parties
 - the business plan and in particular the size of future investments
- In the event that payment of a portion of the price is to be on credit, the interest rate to be calculated will be that of Greek State bonds of one year's duration, on the date of submission of the offer.
- The highest bidder is the one whose offer has been judged by the creditors, the INDUSTRIAL RECONSTRUCTION ORGANISATION S.A., following the liquidator's proposal, as being the most satisfactory to the creditors of the company under liquidation.
- The elements that constitute the company's Assets shall be transferred "as is and where is" and, more specifically, in their actual and legal condition and wherever they are on the date of signature of the sale contract. The liquidator, the company under liquidation and the creditor are not liable for any legal or actual faults, lack of any qualities or any incomplete or inaccurate description of the assets for sale in the Offering Memorandum. Interested parties must, on their own responsibility and at their own cost, and by their own means, inspect and form their own opinion of the objects for sale. The submission of an offer implies that interested parties are fully aware of the actual and legal condition of the objects for sale.
- In the event that the party to whom the assets for sale have been adjudicated fails in his obligations to appear and sign the relative contract at the time and place indicated in the relative invitation of the liquidator, in accordance with the terms arising from the present Announcement and from his offer, he is finally and irrevocably deemed to have forfeited the amount of the guarantee used above to be forfeited to the Liquidator to cover expenses of all kinds, time spent and any real or paper loss suffered by himself and by the creditor, with no obligation on their part to provide evidence to such loss or consider that the amount has been forfeited as a penalty clause, and collect it from the guarantee bank.
- The liquidator bears no responsibility or obligation towards participants in the auction, both with regard to the drafting of the evaluation report on the bids or to the liquidator's proposal regarding the highest bidder. Also he is not responsible and will not be under any obligation to participants in the auction in the event of a conclusion or invalidation of the auction if its result is deemed unsatisfactory.
- Those participating in the auction and who have submitted offers do not acquire any entitlement, claim or demand, on the strength of the present announcement or their participation in the auction, against the liquidator or the creditors for any cause or reason.
- The buyer of the company under liquidation will not be entitled to use the words "PATRAIKI-PATRAIKI" as a name, trademark or in any other way.
- In accordance with para. 13 of article 46a of Law 1892/1990 the sale contract, the participations and any other action involved in its execution, are exempted from State or third party taxes, dues or stamp duty while the rights and fees of notaries, lawyers, supervisors and registers of mortgages are limited to 30% of the figure in question. Transfer expenses of the assets for sale (VAT, fees, rights and other expenses) shall be borne by the buyer.

The present announcement has been drafted in Greek and in English as translation. In any event, however, the Greek text will prevail.

For any further information and for the Confidential Offering Memorandum, interested parties may apply to the office of the liquidating company:

ETBA FINANCE Financial and Economic Services S.A. 1 Ebrahimos & Vio, Constantinos Street, 4th floor, Athens, Greece.

tel. +30-1-726.0210, 726.0276, 726.0286 and fax +30-1-726.0664.

Trafficmaster seeks £16.1m

By Justin Marozzi

Trafficmaster, the live traffic information provider, is raising £16.1m in a rights issue to expand its traffic congestion detection network and for product development.

This is the second time in eight months the group has sought funds from the market. In December, it announced a placing to raise £2.9m net.

It is proposing a 1-for-4 issue of 5.5m shares at 29p. The shares yesterday slipped 33p to 234p, valuing the group at £74.5m.

Mr Peter Whiting, analyst at Williams de Broe, said the fall was "slightly high because the company has flagged fairly clearly that growth in the second quarter of this year has not been particularly dramatic".

Mr David Martell, chief executive, said there had been good support from institutions. "People can see the logic in the timing. The payback in terms of market share is going to come very quickly."

Trafficmaster, which has no net debt, will invest about £10m of the proceeds over the next two years to expand UK coverage from 2,500 miles to 8,000 miles. The group will spend £4m to develop new products.

Mr Martell said it was negotiating with a number of European manufacturers and hoped to announce several orders over the next few months. The group announced a deal with Vauxhall Motors this month to supply its Oracle driver information units.

Trafficmaster floated in 1994 at 130p and its share price had trebled in the past 12 months.

Last year the group lost £2.47m on sales of £2.55m. Mr Whiting said: "Profitability in 1996 and 1997 is not the essence of investment in Trafficmaster."

Directors, who have a combined 12 per cent stake, are participating in the issue, which is fully underwritten by SBC Warburg.

Baldwin sees full-year sales shortfall

By Justin Marozzi

The seasonal nature of its tour operating division again left Baldwin, the leisure group, showing a first-half pre-tax deficit.

The division had little turnover and made no contribution because the majority of its holidaymakers departed after the period end. In the second half, when this revenue kicks in, the group would "leap into the black".

Group turnover edged up from £10.8m to £11.3m, but Mr David Landau, chairman, said a downturn in the short haul holiday market would mean the division's full-year sales would be about 16 per cent down on the 1995 figure.

Cash balances at August 21 stood at £2.3m (£8.45). Mr Landau said this was "lower than in the past because the group was expanding on the restaurant side". It was spending £5m on a new site in London's West End.

Gearing was 86 per cent but should fall to 15 per cent by the year end. The interim dividend is cut to 1.5p (2p). Losses per share were 11.2p (11.5p).

Lazard Smaller to appoint Invesco

By Roger Taylor

Lazard Smaller Equities Investment Trust has agreed in principle to appoint Invesco as manager of the trust in place of Lazard Brothers Asset Management.

The decision is an embarrassing climbdown by the board in the face of shareholder pressure.

The board was reluctant to change managers when asked to do so by shareholders in place of Lazard, with low returns. Earlier this month, however, Invesco delivered requisitions from shareholders holding more than 48 per cent of the trust's shares, calling for an extraordinary meeting to vote on a resolution appointing Invesco as managers.

Lazard Smaller had until next Monday to convene the meeting. It has decided instead to accept the shareholders' demands and appoint Invesco.

Invesco said it was delighted with the decision. It intends to adjust the trust's portfolio from its current split of about 60 per cent in smaller company debt and 40 per cent in equity to a 50-50 split between debt and equity.

Lazard Brothers said it believed it had done a good job managing the fund and argued that Invesco's planned changes were very much in line with its own plans.

The directors of Lazard Smaller said they would be writing to shareholders soon to convene an extraordinary meeting to change the name of the trust to Invesco Enterprise Trust.

RESULTS

Dividends shown basic. Dividends shown net. Figures in brackets are for corresponding period. *After exceptional charge. *After exceptional credit. *After currency. *After

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COMMENT & ANALYSIS

FINANCIAL TIMES

Number One Southwark Bridge, London SE1 9HL
Tel: +44 171-873 3000 Telex: 922186 Fax: +44 171-407 5700
Saturday August 24 1996

More money than votes

A depression centred over the British Isles will move slowly towards Germany, leaving bright and sunny weather and greatly improved support for the Conservative party.

This is the forecast which Tory MPs would like to believe as they set off for the bank holiday amid portents as mixed for the weather as for the UK economy. Since they can do nothing about the former, they can only invoke Dr Feelgood, who helped them to such a potent recovery in 1987 – the last election in which the economy played a decisive role.

This week Tory optimists could well believe that a similar prescription may be starting to revive their popularity a decade later. Yesterday UK equities continued their rally, pushing the FT-SE 100 index above 3,900, more than 5 per cent above its level at the start of the year.

This is hardly enough to induce the massed voters to unfurl blue flags and beseech the government to stay for another term. However, there has also been robust evidence this week that the housing market is reviving. New lending by building societies is at its highest for six years and prices are 5 per cent higher on average than a year ago.

However, few people believe that a house price recovery can be anything like as strong a medicine as it was in 1987. And despite a general rise in prices, the wounds inflicted by the collapse of the market in 1990 are by no means completely healed. There are still nearly a million households whose mortgage debts are greater than the value of their properties. This negative equity is around a third of the peak value of £10.6bn reached in 1993.

As the polls show, that group of people does not feel at all good about the way the government managed the economy. The conservatives' popularity is still well below its nadir in 1985, just before the crash in the 1987 election. However, according to Mori, the gap is narrowing.

Economic optimism

The parallels are instructive. Between the beginning of 1988 and the election, conservative popularity recovered from about 34 per cent, as measured by voting intentions, to nearly 50 per cent at the time of the vote. This ran parallel with a sharp improvement in economic optimism as measured by polls, an

acceleration of house price inflation from an annual 10 per cent to 15 per cent, and a precipitous rise in equity prices which reached a peak in 1987 some 50 per cent higher than two years earlier.

If the broad pattern of history is now repeating itself, the variations are, unfortunately for the Tories, more important than the underlying similarities. Their position in the polls has recovered from 20 per cent to only 30 per cent. Economic optimism, although better than in the 1987 cycle, is still negative. That means that people are not yet feeling good – merely less bad. And the recovery of housing, employment and the economy is likely to be relatively gentle, unless Mr Kenneth Clarke, the chancellor, abandons all caution in his budget this autumn.

Puzzle remains

Despite this, a puzzle remains as to why the Feelgood prescription is not working better. People may not feel that they are on a train rushing towards personal wealth, but they are carrying a lot of assets in the van. It is true that the aggregate value of their houses has fallen by a quarter since 1988 to about £1,000bn. But in the same period their financial assets have risen by half (in today's prices) to about £2,000bn. And because people have been cautious about incurring debts during the lean years, their net financial wealth has increased even more dramatically, by 70 per cent in real terms to nearly £1,500bn. So what has been lost on houses has more than been compensated for by big gains in other assets.

These increases look even better if one considers that the 1980s housing boom was mostly a temporary bubble. The total value of UK housing in 1987 was almost exactly the same as it is today in real terms.

So why are Tory voters not in a holiday mood? One answer is that 72 per cent of net financial wealth is owned by only 25 per cent of the voters. This minority, which has not broadened during the Tory years, will account for most of the increase in cash and securities.

For the rest, the increased wealth accrues opaquely via pension and life assurance and funds. For most individuals expecting standard pensions or other benefits, the big swings in assets may seem as remote as the weather and, alas for the Tories, nothing to do with government.

A city rises from the rubble

Chrystia Freeland in Grozny compares the misery of Russia's young conscripts with the defiant mood of the Chechen people

Yesterday in the shattered streets of Grozny the hammers were louder than the guns. Their steadily pounding song of reconstruction was a tribute to the Chechen people's remarkable victory in the lethal game of brinkmanship they have been playing with Russia this week.

For the Chechens, this week's standoff is likely to be remembered as one of the more brilliant episodes in their centuries-long David and Goliath struggle with Moscow. Earlier this month, Chechen separatists recaptured Grozny, their republic's devastated capital, in an almost effortless infiltration which humiliated a Russian military that spent tens of thousands of lives to seize the city last year.

On Monday Russia tried to turn the tables, ordering the fighters to leave and threatening to launch another costly all-out attack if they did not. But the Chechens stayed, and, at the last minute Russia lost its political nerve, leaving the city yesterday almost completely under the control of the separatists who welcomed back a happy trickle of returning refugees.

It is an outcome which the Chechen separatists said they were expecting. "Russia would never have stormed the city. They have not forgotten December 1994. They suffered severe blows then and this time our boys are a lot more experienced about war," says Mr Vakha Arsanov, the powerful, black-bearded, field commander of one of the four Chechen armies which now occupy the city.

This week's embarrassing episode for Russia was just the latest in a string of humiliating setbacks which Moscow has suffered since December 11 1994, the day when Mr Boris Yeltsin, Russian president, made what is probably the biggest mistake in his political career and ordered Russian troops into Chechnya. Since that fateful decree was signed Chechnya has become the mirror which reveals the ugliest face of the new Russia.

Look at Russia's recovering economy, its surprisingly free and fair presidential elections this year and its freedom of press and of speech – and the menacing Soviet giant appears to have undergone a miraculous metamorphosis into a democratic and dynamic new state.

But one glance at Chechnya shows an older Russia, one whose visage is still disfigured by the vices that characterised both its tsarist and communist epochs. In Chechnya, the Kremlin has shown that it still has the capacity to be both incompetent and cruel.

That is certainly the verdict of the Chechen fighters, whose triumph this week is made more bitter for Russia by the complete disdain with which the outnumbered, outfitted and outgun-



Spirit of Chechnya: a woman makes her way through Grozny, the shattered capital

ned separatists viewed their adversaries.

In the opinion of Mr Akhmed Suleimanov, a 38-year-old Chechen fighter sitting in one of the separatist command posts in Grozny, "For centuries, as long as we have known them, Russians have been unable to live for a single day without blood... Take the history of Russia, from Peter the Great, to Brezhnev. This is a fact."

Notwithstanding this blood-soaked version of Russian history, Mr Suleimanov, who left Ukraine to come home and fight for independence is dismissive of the military talents of the ordinary Russian soldier.

"They drug themselves and drink vodka, then go ahead like fools. But a Russian will never go and fight sober; he is not brave enough," Mr Suleimanov declares, as his comrades, dressed in bits and pieces of camouflage gear and lovingly clutching AK-47s, nod in agreement.

There is a world of difference between these baphazardly

dressed and armed Chechens, who range in age from 16 to 60, and the soldiers of one of the world's greatest military powers.

And despite their apparently overwhelming disadvantages, it is the Chechens who come out best in the comparison.

"The Chechens have morale and spirit. We know what we are fighting for, and what we are dying for," Mr Arsanov, the Chechen officer, says, as he listens for the frequent chirps of his two Motorola radios. "The Russians just want to go home to mother or to their beloved girl. They don't need this war. The only thing they have is weapons."

At a lonely crossroads on the western border of Chechnya, a homeless band of young Russian recruits is only too ready to agree with their Chechen antagonists.

"Even if we win the war but come home in a coffin, our mothers won't understand," says Mr Oleg Kirginsky, a 20-year-old recruit from the Siberian city of Omsk. He has spent the past eight months – two more than

the legal maximum term for enlisted men – doing a tour of duty through some of the hottest spots of the Chechen war.

Standing near his unit's armoured personnel carrier, sheltering from the rain under a makeshift rusty corrugated tin roof, Mr Kirginsky says that, if it were up to him, he would be willing to surrender his army's dearly won victories and pull out of Chechnya without a second thought. "We would not have the time even to say to them 'be independent'. We would be on our way home in a couple of seconds," he says.

In contrast with the Chechen fighters, who frequently return to their homes to recuperate from the strains of war, Mr Kirginsky and his comrades live uncomfortably and exhaustively in a nearby tent. They have not had a day off since they arrived in Chechnya. They are so starved both of food and of news of the outside world that they are reduced to begging for bread and newspapers from the cars

which pass their checkpoint. Almost every Chechen is passionately eager to pour out stories both real and mythologised about deaths, maimings, robberies and rapes at the hands of rampaging Russian soldiers. In even the most obscure villages, reporters are sometimes besieged by elderly ladies offering videotapes of Russian atrocities.

Grozny's ruined landscape is proof enough that, despite the inevitable exaggeration, these stories are grounded in a reality almost too terrible to describe. But even so, it is hard not to conclude that in most parts of this scarred republic, the self-confident masters are the Chechens and the worried interlopers are the young Russian recruits, anxious to return to their mothers.

At most Russian military checkpoints Chechen passers-by treat the Russian soldiers with a patronising sympathy which a Russian would find contemptuous. According to Mr Kirginsky: "Those who understand us, treat us normally... Sometimes, though, the old women will say 'Why are you here, young man? Throw down your weapons.' And we say, 'We are not to blame, we were sent here'."

From the trenches, the verdict of these boys is that Russia has no alternative but to pull out its forces as quickly as it can. That is a view which was once shared by Mr Alexander Lebed, the Russian security chief who was given a mandate to resolve the war.

His first bold step was to stop the planned storming of Grozny this week. He is hoping to follow it up with a longer-term peace agreement, which would include the withdrawal of the Russian army, to be negotiated over the weekend.

These actions and promises have made Mr Lebed a hero to both Chechen fighters and Russian soldiers. But they have also earned him a public rebuke from Mr Yeltsin, and even many of Mr Lebed's admirers fear he is more likely to be sacked than promoted for his peace efforts.

Like all the Chechen fighters, Mr Arsanov says that he is praying to Allah that Mr Lebed's attempt succeeds. But all the same, the field commander, who is part of the Chechen military council which must approve all deals to which the separatist forces agree, says he doubts the ceasefire will hold.

"We are probably going to have to beat them some more," Mr Arsanov says with a sad sigh. "They have a slave's mentality. The only thing they understand is the rod."

It seems that only the ailing Mr Yeltsin, who hopes to go down in history as the founder of a modern, democratic Russia, can prove that Mr Arsanov's bleaker view is wrong.

LETTERS TO THE EDITOR

Number One Southwark Bridge, London SE1 9HL

We are keen to encourage letters from readers around the world. Letters may be faxed to +44 171-873 5338, e-mail: letters.ft.com. Published letters are also available on the FT web site, <http://www.ft.com>. Translation may be available for letters written in the main international languages.

ID card is alien to British way of life

From Mr Gilmore W. Parvin.
Sir, I am sorry that Mr Michael Howard, the home secretary, has not proposed compulsory identity cards, therefore denying me the pleasure of burning the card or defacing it and sending it back to Mr Howard.

As a Conservative I find this intrusion into the British way of life totally alien and I fully agree with the sentiments of your columnist Philip Stephens.

("Deal a bad hand", August 23)
That the suggested voluntary introduction would inevitably lead (in slippery slope fashion) to a surveillance society.

The craven attitude of the "no policy in case we upset anyone before the election Labour party" is characteristically pathetic.

The invented debate on national emblems must not obscure the real civil liberties issues in this case.

Whether the flags of the United Nations, Europe, the UK, Scotland, Wales, Northern Ireland, or your favourite football club adorn this absurdity is quite irrelevant. What is important is that MPs inflict another defeat on our accident-prone home secretary.

Gilmore W. Parvin,
26 Cranford Avenue,
Edinburgh EH4 6NE, UK

Flagging virtues of nationalism

From Mr Claus K. Hallier.
Sir, The search for a benign form of nationalism as discussed in Edward Mortimer's article "A mild patriotism", (August 7) should be encouraged. We should not wait for the "experts" to come up with the right formula.

Anything which arouses over-the-top patriotic feelings on the international stage should be avoided, and this especially applies to sporting events such as the Olympics.

It is acceptable for teams to carry their national flag and parade in uniforms – after all, they may have been selected, supported and financed by their national committees and it's all part of the fun. But there it should stop.

Winners are victorious on their own. Raising the flag and playing the national anthem for them should be abandoned.

What would a Chechen think, if he or she were to win a medal and had to listen to the Russian anthem? Playing national anthems at soccer and boxing events should be avoided.

Many sportspeople live and work abroad and don't even pay taxes to the land of their anthem. Their performance would not be affected if we got rid of the national anthems.

A fanfare, or something similar without the raising of the flag, would do.

Claus K. Hallier,
22587 Hamburg,
1c Tüpfelstieg,
Germany

Poetic justice?

From Mr Anthony Rowley.
Sir, Justin Cartwright's mean little essay on John Betjeman ("Wasps in the sandwiches", Weekend FT, August 17) is too foolish to take serious issue with.

But where was the editorial restraint to prevent vulgar and vindictive excesses such as Cartwright's description of our former poet laureate as a "cunning little wensel"?

Betjeman can no longer defend himself against the slings and arrows of a man whose "golf balls and tennis shoes" speak eloquently of a puerile desire to shock.

Were Betjeman still alive, he would not doubt have had something delightfully apt and dismissive to say of Cartwright's juvenile iconoclasm.

Anthony Rowley,
Nishi Azabu 2-18-2,
Minato-ku,
Tokyo 106,
Japan

Dole's politics over principle

From Mr Gregory G. Garramone.
Sir, A few items are worth noting in the aftermath of the Republican convention.

Mr Dole embraced supply-side economics, a theory he has previously discounted. Mr Jack Kemp, the candidate for vice-president, discounted affirmative action, a programme he has previously embraced.

Both candidates discounted the party platform, embraced by the delegates and the powers that be, many of whom will be rewarded with positions

in a Dole administration.

It will be difficult for a man who pledged to balance the budget to be taken credibly when he suggests policy that will produce the opposite. And it will be impossible for a ticket which has so transparently sacrificed principle for politics to make character and consistency an issue in this election.

Gregory G. Garramone,
893 Lakewood Avenue,
St Paul, Minnesota
55105, US

Mathematics made easy

From Mr Rhys Owen.
Sir, As an ex-maths teacher I should like to endorse the article "Formula to produce a supply of scientists", (August 20).

My experience of secondary school mathematics teaching (which, I admit, finished six years ago) is that the subject has been made easier to prevent children from falling. This has

meant that the more able children are no longer stretched and achievement in succeeding has been taken away. The introduction of an incorruptible mathematical gold standard would be welcome.

Rhys Owen,
17 Aston Road,
London SW20 8BG, UK

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Man in the News · David Rowland

For whom the bell tolls

Ralph Atkins finds the Lloyd's chairman hoping for a happy ending

The chairman of any business that had lost £8bn, had ruined families worldwide, and who was awaiting a US court ruling that threatened at the last moment to wreck his attempts to sort out the mess, might be a little restless.

Mr David Rowland, chairman of Lloyd's of London, admitted to being "fairly strung up" this week. After all, the insurance market's ambitious recovery plan has been in the final, tense stages of implementation. A deadline of noon next Wednesday has been set for the 34,000 Names (the individuals whose assets have traditionally supported Lloyd's) to accept or reject a \$2.2bn out-of-court settlement offer. Without a deal, Lloyd's risks falling UK Department of Trade and Industry solvency tests later this month, and having to close after 308 years.

To the frustration of Lloyd's, many Names have been holding off until a federal court ruling in Virginia, where 93 rebel US Names have been seeking an injunction delaying the plan until the market provides more figures on the proposals.

However, Mr Rowland, 65, was not sweating unduly. The trick, he says, is to

"think in compartments". "I do have abilities to stop myself and start thinking about something else, to switch off. I play golf in bed at night if I can't sleep. I go around favourite golf courses. I play extremely well at night. No, I do play the odd bad shot."

Colleagues say his ability to survive is remarkable. "He goes home, has a shower and it's over for the day," says one. "It's a fantastic facility." Mr Robert Hiscox, former deputy chairman, says Mr Rowland "has been steady as a rock throughout".

He has become accustomed to the Lloyd's roller-coaster. Mr Rowland became chairman at the start of 1993, having headed a "task force" which a year earlier made first proposals for reforming some of Lloyd's more antediluvian practices.

On his election, he remembers "absolute fury on the part of large chunks of the membership". Names were bearing the cost of negligent and incompetent underwrit-

ing which had compounded the impact of a succession of natural catastrophes in the late 1980s and early 1990s, plus an unexpected explosion in US pollution and asbestos claims.

It was soon clear that muddling through was impossible. "I have always thought there was a chance we might lose Lloyd's... Your brain tells you that of course there is a very substantial risk. But emotionally, looking at the quality of the underlying business, I said to myself, 'there must be a way - sensible people wouldn't let this happen'."

Under his leadership, a team also comprising Mr Hiscox, Mr Peter Middleton, chief executive, Mr Stephen Merritt, another deputy chairman, and Mr Charles Roxburgh, seconded from McKinsey, the management consultancy, began drawing up a business plan.

An essential element was a jumbo reinsurance company, New Co (now Sedgwick), to "reinsure" outstanding US asbestos and

pollution liabilities. Pooling liabilities would create economies of scale and release Names trapped on hundreds of "open years" - syndicate accounts which could not be closed because of uncertainties over future liabilities.

At the end of 1993, Lloyd's made a first out-of-court offer, worth \$900m, to Names seeking damages in the courts for their losses. Mr Rowland was criticised at the time for not selling the offer hard enough. Now, he says, he had a duty to act in the interests of all Names. "I knew it was good for a lot of them but it was impossible at that stage to say it was the best for all of them."

His insouciance meant that the offer's rejection was not seen as a disaster. But within a year it was clear that Names' legal attempts to avoid paying debts were putting an intolerable strain on central finances.

Over the winter of 1994-95, Lloyd's accelerated plans to secure its future. New Co was to take responsibility

for liabilities on policies sold before 1993, rather than 1986 as previously envisaged. Actuaries faced a massively increased workload assessing liabilities and assets from thousands of policies dating from the last century.

The settlement offer was more than tripled, eventually reaching \$2.2bn, thanks partly to contributions from insurance brokers, agents running syndicates at Lloyd's and the market's auditors.

Mr Rowland's contribution was not finding solutions - most are credited to his colleagues - but in diplomacy and consensus building. Prior to becoming Lloyd's chairman, he was chairman of Sedgwick, the insurance broker, and his working life has been all about striking deals.

One wounding blow was the resignation last November of Mr Middleton, who left for a better-paid management job at Salomon Brothers, the US investment bank. Mr Rowland was

angry because he felt let down.

He now says - recognising the implied insult - that "some of these things which happen unexpectedly, turn out for the best". Lloyd's may have benefited from Mr Middleton's efforts but his successor, Mr Ron Sandler, "enabled us to build on that in a way which might not have been possible if Peter had continued."

In private, Mr Rowland is demanding to work for, snapping angrily when he is caught out unexpectedly or arrangements fall through. But to the outside world - and crucially, to embittered Names - his manner is almost saintly, no matter how great the temptation.

An early decision was to telephone Names who filled his mailbox with vitriol and obscenities. "Almost without exception, nobody has then continued in the same vein when you talk to them," he says.

Last month, Names were sent final bills setting out the cost to them of drawing a line under their affairs at Lloyd's. When - if - enough finally accept, Mr Rowland plans to ring the Lutine bell twice in Lloyd's underwriting room, the traditional signal of good news at the market. He then plans a staff party - and a golf-free night's sleep.



When footwear group Chamberlain Phipps came to the stock market exactly two years ago, the prospectus trumpeted profits of £5.6m, a net worth of more than £28m and a market valuation of £74m. Earlier this week it was placed in administrative receivership, leaving debts of £47.5m. Once again a company had gone from profitability to insolvency in astonishingly short order without a peep from its auditors.

This looks suspiciously like the smoke-and-mirrors corporate behaviour that prompted the establishment of the Cadbury committee on corporate governance in 1992. But it is not. The striking point about Chamberlain Phipps was the number of clear warning signals that emerged during its short stock market existence, thanks not least to the improved disclosure encouraged by the accounting profession. It would make an excellent case study for business schools.

First, there was a less than blue-chip prospectus, in which executive chairman Mr Dan Sullivan was revealed as having been involved in three leveraged buy-out companies that had filed for protection under the US bankruptcy code. He had also had a spot of trouble in US the property market. And a quoted UK concern of which he was a director, Bastian International, was put into receivership in 1993.

By way of reassurance the prospectus declared that Mr Sullivan's career as an active investor had nonetheless yielded a substantial overall profit. As for the track record of the company, the core businesses in Britain, France and north America had been beset by a relatively short period of loss. Sullivan with family money and funds from Legal & General, that raises the question of what constitutes an appropriate level of borrowing.

In the first balance sheet published after the placing by merchant bankers Samuel Montagu bank, the group's 1995 annual accounts showed operating profits of £15.1m. A fairly upbeat review of the group's operations pointed out that this provided cover for interest payments of a seemingly healthy 5.6 times. Anyone who took the trouble to look at the cash flow statement, however, would have seen that the net cash flow from those operations, at £5.7m, was a mere third of the operating profits. This meant that on a cash flow basis the dividend was

Visible from afar

John Plender on the lessons from the collapse of a UK footwear company



for the manufacture of low-to-medium priced shoes and in footwear itself - exceptionally difficult markets facing cheap foreign competition. Nearly two-thirds of the fixed assets were in plant and equipment, which is less marketable than commercial property. What property there was did not sit in Mayfair.

So the company was already over-gearing when it was floated. And the float coincided with a pause in global economic growth precipitated by the correction of an excessive inventory build-up - a process in which the shoe industry itself was playing a bit part. Chamberlain Phipps was in a weak retail environment where it became impossible to put on increased raw material costs to the consumer. Yet management cannot escape blame.

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uncovered. It was, in effect, being paid by Chamberlain Phipps's bankers, led by the Bank of Scotland.

Mr Sullivan, who owned 25 per cent of the equity capital, argues that this last calculation is "misleading". He believes that the problem arose not because the company was over-gearing, but because the Bank of Scotland lost confidence. But he does not deny the existence of strain on working capital, which provides the explanation for the big difference between profit and cash flow - an old problem that constantly emerges at bankrupt companies.

This, too, was evident long to the notes to Chamberlain Phipps's accounts, which revealed that most of the difference between operating profit and the much lower net cash flow arose from a £15m rise in the value of stock and debtors in the balance sheet, which far outstripped the £4m increase in creditors.

According to Mr Sullivan this was partly intended: a decision to move parts of the business to France and operations offshore meant a longer lead time between producing goods and extracting cash from debtors - in which case it is even more surprising that the group's financial advisers were happy with the dividend forecast in the prospectus. What was not foreseen was the working capital problem that arose from a reorganisation of the footwear components division in the UK.

One final indicator of trouble is that Mr Sullivan, contrary to the wisdom of Cadbury, combined the roles of chairman and chief executive. The inherent danger was demonstrated earlier this year when he spent three crucial months in hospital. Strange that neither Legal & General, with 21.9 per cent of the equity, nor Samuel Montagu insisted on a better balanced board before the flotation.

Hollywood generally prefers its films to have happy endings, but the property that the movie studios have been chasing hardest this summer is a tale of junkies and burns in New York's East Village.

Rent, the rock musical created by Jonathan Larson, who tragically died at the age of 35 on the night of its dress rehearsal, is Broadway's hit of the year, and almost all the Hollywood studios bid for its film rights. Miramax, part of the Walt Disney group, emerged as the winner last week.

The battle for Rent is only one of the signs that the musical is coming back into fashion in Hollywood.

The movie version of Rent, starring Madonna, will be released at Christmas. Warner Bros has started filming Phantom of the Opera, and Disney has asked Elton John to write a rock musical based on Verdi's Aida.

"Until the 1960s musicals were big money earners for Hollywood," observes Mr Steve Perrin, managing director of Entertainment Data International, the research consultancy that monitors the box office performance of films. "Then there were a few expensive flops and the studios lost interest, but now there's a revival."

The golden age of the Hollywood musical was the 1940s, when Busby Berkeley was lured from Broadway to film his lavish spectacles, and the 1950s, when Arthur Freed's *Singin' in the Rain*, was followed by Rodgers and Hammerstein's *Oklahoma!* and *South Pacific*.

The genre reached its commercial peak in the mid-1960s when *Mary Poppins* took a then-extraordinary total of \$43m in its first office run. A year later *The Sound of Music*, also starring Julie Andrews, but with music by Rodgers and Hammerstein, fared even better with \$106m.

In real terms *The Sound of Music*, which would have earned \$250m in today's money, is the highest-grossing film ever after *Gone With the Wind* and made nearly twice as much in its first run as this summer's blockbuster, *Twister* and *Independence Day*.

Its success prompted Hollywood to invest in increasingly expensive musicals culminating in Columbia's



High note: the rights to Broadway hit Rent were fought over by almost all Hollywood studios

Hollywood encore for sound of music

Musical films are back in fashion after the failures of recent years, says Alice Rawsthorn

release of *Oliver!* in 1968. *Oliver!* won an Oscar for Best Picture, but it barely broke even at the box office.

Hollywood has since viewed the musical with scepticism. The few successful attempts at updating the genre - including Fox's 1975 film version of *The Rocky Horror Picture Show* and Paramount's 1978 production of *Grease* - have been outnumbered by flops such as Columbia's *Godspell*, which earned a paltry \$3m in 1973. Orion's *The Cotton Club* only recouped half its \$50m budget and tarnished the glided reputation of its director, Francis Ford Coppola, when it opened in the US in 1984.

The musical hit its nadir in 1994 with Columbia's *I'll Do Anything*, directed by James Brooks, whose previous credits include *Terms of Endearment* and *Broadcast News*. Like *The Cotton Club*, the production went over budget and the audience reaction at test screenings was so poor that Columbia removed 11 of the 12 songs from the final version. Unsurprisingly, it sank at the box office.

One catalyst for Hollywood's newfound confidence in the musical is the revival in Broadway's fortunes. The opening of big budget musicals, such as *Big and Victor/Victoria*, has buoyed box office receipts, and a couple of critical and commercial

hits - *Rent* and the tap dance spectacular, *Bring In Da Noise, Bring In Da Funk* - have attracted a younger audience.

The race for the *Rent* film rights began weeks after the show opened at the 150-seat downtown New York Theatre Workshop, even before it transferred to Broadway. The auction was complicated by the feelings of Jonathan Larson's family, still mourning his death, and by their insistence that the film should not be released until 1999 for fear that it might adversely affect the stage production. Warner, Universal and Fox were among the studios that bid up to \$5m for the rights, but the

rights to *Rent* were fought over by almost all Hollywood studios

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Larson's family plumped for Miramax.

Another filip for the musical film was a series of previews of *Evita*, directed by Alan Parker, starting with the showing of a 15-minute clip at the Cannes Film Festival in May. Until then *Evita* was seen as an ill-starred venture which had taken years to finance and featured a risky star in Madonna, most of whose previous films were panned by the critics before bombing at the box office.

Yet the response to the previews, and to Madonna's performance, was so rapturous that it seems to have revived Hollywood's confidence in the entire musical genre.

The film industry often behaves in a lemming-like manner. *Twister* has already spawned a copycat series of natural disaster movies. And as soon as it looked as though *Evita* would be a hit, the studios started looking for other musicals to turn into films.

Elton John has started work on Disney's rock *Aida*, and Warner has begun production on *Phantom of the Opera* after sitting on the rights for years. Universal is considering giving the green light to an animated film version of *Cats*. The Really Useful Group, which owns the rights to all Andrew Lloyd Webber's musicals, including *Phantom*, *Cats* and *Evita*, is in negotiations with several studios over the film rights for *Starlight Express* and *Joseph and the Amazing Technicolor Dreamcoat*.

Hollywood has yet to see whether the first wave of enthusiasm for *Evita* translates into commercial success at the box office. If so, the studios will doubtless carry on snapping up musical rights and rushing them into production. If not, they may well decide to sit on their eagerly acquired rights as Warner did with *Phantom of the Opera*.

Even if *Evita* is a hit, there is no guarantee that *Phantom*, *Aida* or *Rent* will be equally successful. "The demographics of film-going have changed and there's now a large adult audience that may well enjoy a well-made, sophisticated film like *Evita*," says E.D. Mr Perrin. "What we won't know is whether *Evita* succeeds because people like musicals, or because it's a good story with a strong performance by Madonna."

Antony Thorncroft on the controversy surrounding the Edinburgh International Festival on its 50th anniversary

A summer storm in Scotland

Expectations were so high. To celebrate 50 years of the Edinburgh International Festival, which is now entering its final week, Mr Brian McMaster, the director, had pulled out all the stops. The board had agreed a record budget of \$5.5m - and a rare deficit of \$185,000 to make sure everything went well.

Sponsors rallied round, contributing \$1.3m for the three-week jamboree, much more than expected. The programme, a mixture of nostalgia and the avant-garde, was generally admired.

Then the unexpected started to happen. Even before the festival opened there were worrying cancellations. Sir Charles Mackerras, booked to conduct the final concert, withdrew. Mr Neil Bartlett, whose dramatic presentation of Puccini's *The Seven Sacraments* was to be one of the highlights, fell ill and the production was jettisoned. The Orlando Quartet,

booked to play Haydn, disbanded. Such setbacks are not rare, but the combination was an unwelcome surprise.

To mark the anniversary Mr McMaster had introduced a lecture, to be given by Professor George Steiner, on culture and society.

The professor was not mostly mouthed, suggesting that the arts were outdated and that science should be celebrated more; that the arts were of little consequence in a world dominated by events such as those in Bosnia; that perhaps it was time for the Edinburgh Festival to consider its relevance. On a practical note he suggested that audiences should be allowed in to see the creative process rather than just perfected performances. But the biggest disaster for the

festival was waiting in the wings. The first night of Canadian wunderkind Mr Robert Lepage's one-man *Hamlet*, entitled *Elisavira*, was cancelled minutes before the curtain was due to rise. The stage at the King's Theatre failed to cope with the complicated machinery and in the end all the performances were cancelled and almost £100,000 in box-office revenue returned.

With such a catalogue of disasters it is not surprising that Mr McMaster, who has just completed five years as director and signed up for another five, should run into his first burst of criticism.

His predecessor, Mr Frank Dunlop, voiced what many had been thinking - that Mr McMaster had relied on the same established

artists every year, especially the contemporary dancers Mark Morris and Pina Bausch, and theatre directors Mr Peter Stein and Mr Lepage, and that young talent was being ignored. Suddenly the Edinburgh Festival, long considered the greatest arts festival in the world, was fair game for abuse.

Sitting in his bleak office in the heart of Edinburgh, Mr McMaster is remarkably composed. His first task is to keep the festival afloat financially. With £2.2m already taken at the box office and only another £300,000 needed from the final week, he should achieve his target. "The public's interest has been unbelievable this year, the best ever. Last Saturday night every venue was packed and we turned people away - 7,200 seats were sold."

He is philosophical about the withdrawals and cancellations, but becomes excited when discussing Prof Steiner. "He got people talking. Suddenly the arts was in the news. But he said some things about the irrelevance of the arts which goes against all that I've been working for all my life."

He is dubious about letting the public into the creative process - "a festival of workshops is three weeks of coitus interruptus" - but goes on to add that next year there will be a production involving the audience in the creation. Mr McMaster is happy to defend his booking policy. "Five years ago the audience for contemporary dance in Edinburgh was tiny and the UK was declining fast. Thanks to Mark Morris it is now buoyant."

He also stresses a desire to take the festival out - to schools and to the wider community rather than the Edinburgh and Scots middle classes that makes up most of the audience. He believes this is possible through money from the National Lottery which can now be used to widen access to the arts. The festival already has a £7m lottery project under way to convert the old Tolbooth church into a much-needed festival centre and club.

To a great extent the sniping this year at Mr McMaster and the festival is just another event, another example of performance art. There is something ritualistic about the annual criticism that the festival does not cover the visual arts or the popular arts. Mr Timothy Clifford of the National Galleries of Scotland, in

open rivalry with Mr McMaster, mounts his own exhibitions at festival time - this year highly acclaimed shows of Giacometti and Velasquez - and the vociferous fringe, with more than 1,300 shows this year, provides more than enough populist fare.

If the criticism encourages an influx of younger performers in the future it will have done some good. However, it is unlikely to have disturbed the underlying complacency about the Edinburgh International Festival. From modest beginnings in 1947 it has achieved an unrivalled reputation. It is the magnet for 500,000 people visiting Edinburgh in August and contributes nearly £100m to the city's economy.

In terms of audience size and impact on the popular cultural life of the nation it cannot compete with the fringe, but it is too much of a good thing to be blown off course by some summer storms.

UNIT TRUSTS

WINNERS AND LOSERS

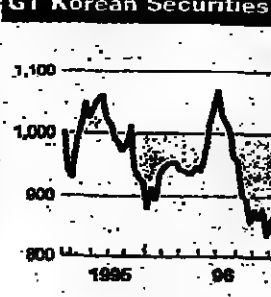
TOP FIVE OVER 1 YEAR

NatWest UK Smaller Cos	1,426
Invesco European Small Cos	1,375
Baring Europe Select	1,374
Jupiter European	1,371
Johnson Fry Slater Growth	1,359

BOTTOM FIVE OVER 1 YEAR

Old Mutual Thailand Acc	807
Exter Warrant	806
GT Korea Securities	813
Save & Prosper Korea	836
Baring Korea	843

GT Korean Securities



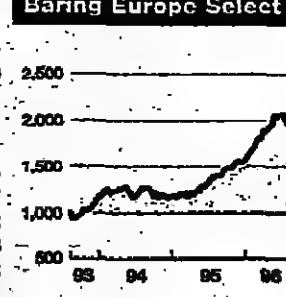
TOP FIVE OVER 3 YEARS

Proffitt Technology	2,171
Baring Europe Select	2,054
Hill Samuel US Smaller Cos	2,019
Morgan Grenfell Europe	1,992
Franklin Templeton	1,991

BOTTOM FIVE OVER 3 YEARS

Save & Prosper Korea	727
Sanwa Japan	728
Barclays Uni Japan & Gen Inc	763
Govett Japan Growth	768
M&G Japan & General Acc	783

Baring Europe Select



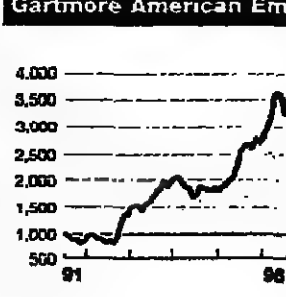
TOP FIVE OVER 5 YEARS

Proffitt Technology	4,108
Mercury Gold & General	3,682
Hill Samuel UK Emerging Cos	3,538
Gartmore American Emerging	3,492
Hill Samuel US Smaller Cos	3,361

BOTTOM FIVE OVER 5 YEARS

Friends Prov Japanese Sm Cos	884
Barclays Uni Japan & Gen Inc	993
Govett Japan Growth	1,033
Equitable Special Situations	1,044
Invesco Japan Growth	1,050

Gartmore American Em



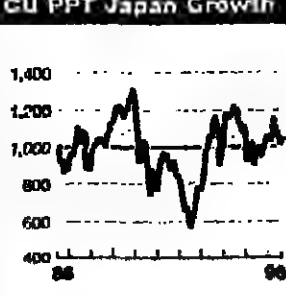
TOP FIVE OVER 10 YEARS

Friends Prov Australian	7,146
Gartmore Hong Kong	6,553
HSBC Hong Kong Growth	6,312
Abbey Asian Pacific	6,212
Invesco S E Asia	6,019

BOTTOM FIVE OVER 10 YEARS

Barclays Uni Japan & Gen Inc	819
Mercury Japan	831
M&G Japan & General Acc	952
CU PPT Japan Growth	1,026
Fidelity Japan	1,138

CU PPT Japan Growth



Tables show the result of investing £1,000 over different time periods. Trusts are ranked on 3-year performance. Warning: past performance is not a guide to future performance.

Source: HSW (01625 511311)

UK Growth

Average Unit Trust	10
Average Investment Trust	10
Bank	10
Building Society	10
Stockmarket FT All-Share	11
Inflation	10
■ UK Growth	1 year
Jupiter UK Growth	12
Credit Suisse Fellowship Inc	12
Johnson Fry Slater Growth	13
Barclays Uni Leisure	11
Pembroke Growth	11
SECTOR AVERAGE	11

UK Growth & Income

Cazenove UK Equity	11
Credit Suisse Growth Port Inc	11
Mercury UK Equity	10
Lazard UK Income & Growth	10
Prolific UK Blue Chip	11
SECTOR AVERAGE	10

UK Smaller Companies

Hill Samuel UK Emerging Co's	1272
INVESTCO UK Smaller Companies	1356
AES Smaller Companies	1296
Gartmore UK Smaller Companies	1312
BWD UK Smaller Co's	1206
SECTOR AVERAGE	1141

UK Equity Income

Jupiter Income	1206	1702	2772	-	3.7	4.5
GT Income	1179	1499	2506	3553	3.7	4.2
Morgan Grenfell UK Equity Inc	1067	1390	2025	-	3.3	3.7
Lazard UK Income	1104	1384	1815	3650	3.4	5.3
Britannia High Yield Inc	1144	1373	1987	-	3.5	3.8
SECTOR AVERAGE	1044	1203	1781	2822	3.5	4.8

UK Equity & Bond Income

■ UK Equity & Bond	
Baillie Gifford Conv & General	15
Proffitt Extra Income	10
Cazenove UK Equity & Bond	10
Edinburgh High Distribution	10
CU PPT High Yield	10

UK Eq & Bd

1237	1744	2584	3.8	2.7
1267	1912	3274	5.8	5.0
3114	1244	-	0.0	4.3
1719	1254	1923	0.9	4.1
1397	1791	3391	3.4	3.9
1083	1139	1554	0.4	-
3	5	10	Volatility	Yield
1739	2439	-	3.9	2.0
1666	-	-	-	1.7
1571	2059	-	3.7	0.8
1551	1730	2139	3.8	0.7
1489	2502	-	3.2	1.3
1299	1708	2626	3.6	2.0

Intl & Fixed Interest

1424	1882	-	2.8	3.2
1419	1834	-	3.6	1.8
1389	1902	3843	3.4	2.5
1383	1763	2954	3.4	4.0
1377	1893	-	3.5	3.2
1242	1599	2784	3.5	8.0

International Equity Income

1775	3838	-	3.7	0.7
1756	2473	2775	4.8	0.8
1891	2403	-	3.7	0.8
1885	2042	3000	3.8	0.8
1684	2754	-	4.4	0.8
1357	1899	2725	3.7	1.6

International Fixed Interest

1702	2772	-	3.7	4.5
1499	2308	3653	3.7	4.2
1390	2025	-	3.3	3.7
1384	1815	3650	3.4	5.3
1373	1987	-	3.5	3.8
1209	1884	2822	2.8	3.3

International Equity & Bond

1310	2059	-	3.1	5.3
1283	1713	2899	3.0	4.8
1225	-	-	3.9	6.4
1205	1406	2426	3.5	4.3
1189	1806	3008	3.6	6.1

International Growth

1 year	3	5	10	Volatility	Yield
Proffitt Technology	1086	2171	4105	5820	5.9
Franklin Templeton	1284	1891	2885	-	6.4
HTR Global Technology	925	1584	2523	5120	5.5
Scott Equitable Technology	1088	1582	2213	4332	4.0
Britannia Int'l Spec Op's Acc	1148	1529	2586	-	4.8
SECTOR AVERAGE	1086	1235	1735	2456	5.5

Nth America

BWD Balanced Portfolio	1203	1856	3068	3544	5.1	-
Credit Suisse High Income Port	1103	1856	3162	4076	6.2	-
NPI UK Edna Income Inc	1103	1856	3162	4076	6.2	-
Perpetual High Income	1103	1856	3162	4076	6.2	-
Baillie Gifford Managed	1103	1856	3162	4076	6.2	-
SECTOR AVERAGE	1118	1403	2068	2795	5.5	0.7

■ Gift & Fixed Inter	1118	1403	2068	2795	5.5	0.7
Framlington Convertible	1303	2019	3361	-	5.3	-
Abnott Fixed Interest	1128	1954	2933	-	4.5	-
Thornton Preference Inc	1207	1833	3492	5480	5.1	-
Britannia Gift & Fixed Int Inc	1289	1794	3068	3544	4.9	-
Exeter Zero Preference	1103	1856	3162	4076	6.2	-
SECTOR AVERAGE	1118	1403	2068	2795	5.5	0.7

Europe

Pembroke Equity Income	1374	2034	2228	2732	3.9	0.8
BT International Income	1274	1992	2607	-	4.3	-
Martin Currie Int'l Income	1371	1918	2718	-	3.7	-
M&G International Income	1378	1858	2345	2626	3.7	-
Mayflower Global Income	1273	1811	2846	3309	8.4	0.1
SECTOR AVERAGE	1109	1435	1828	2435	3.5	1.1

Japan

Baring Global Bond	1001	1146	1838	2502	6.7	-
Thornston Dresdner Europe Bnd	1057	1072	-	-	5.9	-
Barclays Uni European Bond Inc	986	1067	1533	2640	5.4	-
Old Mutual Worldwide Bond Inc	990	1053	1233	1549	2.5	-
Mercury Global Bond Acc	1035	1050	1584	-	5.6	-
SECTOR AVERAGE	983	904	1277	1560	5.6	0.1

Far East inc Japan

NPI Worldwide Income Inc	1022	1361	2184	-	6.0	-
Gartmore PS Long Term Balance	1034	1318	2257	4113	4.9	0.3
Cazenove Portfolio	1069	1280	2124	3218	5.8	0.2
Bank of Ireland Ex Mgd Growth	968	1246	1977	-	4.8	0.1
Templeton Global Balanced Acc	1029	1240	2371	3818	5.0	0.6
SECTOR AVERAGE	1009	1142	1825	2620	5.2	0.7

Far East ex Japan

Proflite Technology	
Framlington Health	
HTR Global Technology	
Scot Equitable Technology	
Britannia Int'l Spec Opp's Acc	

Commodity & Energy

1 year	3	5	10	Volatility	Yield
Save & Prosper Gold & Exptn	1182	1526	2608	2707	9.9
Mercury Gold & General	1022	1581	3682	-	8.9
M&G Commodity & General	1071	1450	1945	3400	8.4
Waverley Australasian Gold	1148	1421	2527	1559	11.0
M&G Australasian & General Acc	1237	1587	1967	2908	8.4
SECTOR AVERAGE	1083	1363	2171	2949	8.9

Best Repts

17	1445	1887	-	4.0	0.4
16	1376	1942	-	3.2	4.1
15	1300	2062	-	3.2	2.1
10	1298	2030	-	3.1	4.1
10	1235	1846	-	2.9	2.5
10	1220	1688	2665	3.2	3.5
t					
16	1241	1660	2360	2.7	5.2
15	1205	2076	2619	2.6	9.3
13	1163	1758	2259	2.3	8.4
10	1151	1328	-	1.7	8.6
15	1144	1881	-	1.9	-
17	1079	1440	2004	2.1	6.5

Money Mkt

9	1305	1735	2344	2.8	4.8
0	1223	1668	2700	2.8	3.0
2	1211	1889	-	3.2	3.8
9	1105	1797	2675	2.7	4.6
8	1185	1624	1955	3.3	4.0
7	1164	1734	2289	3.1	3.9

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Guide to pricing of Authorised Unit Trusts
Compiled with the assistance of ALITE SS

Initial charges: Charges made from 1/1/73 to 12/31/73

Historic pricing: The letter H denotes the managers will normally deal on the price set on the most recent regulation. The prices shown are the latest available before the publication and may not be the current dealing levels because of an intervening portfolio reallocation or a switch to forward pricing bids. The managers must bid at forward prices on request, and may move to forward pricing at any time.

Treatment of manager's periodic charges: The latter C deems that the true deductibles all or part of the manager's periodic charge from capital, contact the manager for full details of the effect of this course of action.

Forward pricing: The latter C denotes that the managers deal at the price to be set on the next valuation. Investors can get given an outline price in advance of the purchase or sale being carried out. This price opportunity in the newspaper are the most recent provided by the managers.

Exit charges: The letter E denotes that an exit charge may be made when you sell units, contact the manager for full details.

Times: The time shown alongside the fund manager's name is the time of the unit trust's invitation point unless another time is indicated in brackets.

Scheme particulars and Reports: The most recent report and scheme particulars can be obtained free of charge from fund managers.

Other explanatory notes are contained in the last column of the FT Mutual Fund Handbook.

indicated by the symbol alongside the individual unit trust name. The symbols are as follows: (F) - 0001 to 1100 hours; (B) - 1101 to 1400 hours; (A) - 1401 to 1700 hours; (N) - 1701 to midnight. Daily dealing prices are set on the basis of the valuation point; a short period of time may elapse before prices become available.

Weekend FT

David Lascelles tries to piece together the life of a relative who disappeared

Mara Plesnik and her sister-in-law Jerica remember well the summer of 1944 when two young English army majors appeared at their farm in a remote valley in northern Slovenia to set up a clandestine radio base with the local partisans.

The memory is vivid because the Nazis got wind of them and raided the valley, Logarska Dolina. In appalling reprisals, they burnt down all the farmsteads, including the Plesniks', and either shot or deported most of their occupants. But the two Englishmen managed to escape to a hut in the mountains.

More than 50 years later, a group of us are sitting in the Plesniks' rebuilt farmhouse listening to Mara and Jerica's grim tale with interest. We know exactly who the two majors were: they were Charles Villiers and Aligar Hesketh-Prichard, members of the Special Operations Executive, the "dirty tricks" arm of the British forces, who were flown into Yugoslavia in the latter stages of the war.

The first of the two survived the mission, and went on to become chairman of British Steel. The second vanished without trace; his fate remains one of the lingering mysteries of the war. He was my wife Venetia's uncle, and we are retracing his steps to try to find some clues; hence our arrival at the Plesniks'.

Mara, her eyesight now fading, recalls that Hesketh-Prichard was "tall with a long nose". That fits. Our family pictures show an intense young man in officer's uniform with smoothed back hair accentuating the ridge of the nose he broke in a riding accident. The pictures are part of the family legend that has built up around him: the dashing young adventurer cut off in his prime. But Venetia and I have found it hard to get any clear sense of the man.

To some - mainly his family and London friends - he was colourful, lively, resourceful (he was particularly good at radio). He killed himself out in Savile Row, frequented the White's club bar and drove a flashy sports car. But to others, mostly those who were alongside him in the war, he was the opposite: taciturn, obsessive and difficult to work with.

One clue to this tangle of personalities could lie with his father. Hesketh-Prichard senior had been a military hero in the first world war. An excellent shot, he "bagged" hundreds of Ger-



Hunt for the missing major

means as a sniper. He died young, and his son was brought up in the shadow of his dazzling reputation, probably feeling he could never match him. The outbreak of the second world war was a chance for glory, and he threw himself into it with enthusiasm.

In 1943, SOE was working on a plan to penetrate Austria ahead of the advancing Allied armies in the Balkans and open up lines of communication with the local Austrian resistance. Hesketh-Prichard was selected for the mission partly because of his handsomeness with radio technology.

Operation Clowder, as it was called, was devised by Hesketh-Prichard's commanding officer Peter Wilkinson who had been in Yugoslavia a few months earlier clearing the way with Tito. Today, Sir Peter is 88 with a distinguished diplomatic career behind him. He is sitting with us at the Plesniks'. "It was a fishing expedition," he says. "We had little idea of the political situation in southern Austria. It was Aligar's job to find out."

All through the summer of 1944, Hesketh-Prichard and

Villiers hid out in the Slovenian Alps, gathering men and equipment for a push across the Drava River near Klagenfurt in the latter part of the year. But in early autumn, Villiers fell ill and had to be invalided out, which meant that the whole operation shifted on to Hesketh-Prichard, who was then 26.

Operating with the code name Major Cahusac, he had the support of the local Slovenian partisans who had been instructed by Tito to help the Englishmen. But it was an uneasy alliance, based on overlapping rather than common interests. The Allies were supporting Tito, not to help him rid Yugoslavia of the Germans, but to tie them down and prevent them being redeployed to the new front in Normandy.

In Slovenia, the Allies needed the partisans to aid their advance, but they had no intention of helping them to annex parts of neighbouring Carinthia and Trieste, which was their intention. So there were bound to be strains between Hesketh-Prichard and his partisan colleagues.

Standing outside the Plesnik farmhouse, we could see

the vast mountain ranges all round us where Hesketh-Prichard was based at this time, beautiful and dramatic in the spring sunshine. With us we had Bosidar Gorjan, or "Bogo", who was the deputy commander of the local partisans and worked closely with Hesketh-Prichard. "He was an arrogant man," says Gorjan, a fit 72-year-old who

He was with a dwindling partisan force, short of food, and in constant fear of betrayal

knows the mountains like the back of his hand. "But he was courageous, and that earned our respect."

Gorjan guided us up a twisting mountain track, through forests of fir and beech, to a clearing between the peaks. Before us was a large farmhouse and a stretch of alpine meadow

where Allied aircraft dropped Hesketh-Prichard's supplies on moonlit nights. As we looked, a brief spring shower swept up the valley, and the sun created a complete rainbow arch far below us.

In early autumn 1944, the Allies were still confident they would reach Vienna by Christmas (the Russians had already liberated Belgrade). The Germans successfully resisted the advance, and plans were delayed. Hesketh-Prichard was also having difficulty overcoming the partisans' mistrust, which added to his frustration. His coded signals show a mounting obsession with the task of crossing the Drava, no doubt with the thought that he could be spearheading the Allies' southern advance into the Third Reich.

By force of will and much badgering, he eventually got the consent of the Allied command and the partisans for the crossing. The air force dropped in rubber dinghies and provisions, and in early October he set out with 80 partisans on the perilous 30km journey to the Drava valley.

We followed this part of his journey ourselves.

Today, a modern road runs north from the top of the steep Seebergsattel pass above Logarska Dolina, down through the spa of Eisenappel and out into the wide Drava valley with its neat Austrian villages and open fields.

Hesketh-Prichard's group successfully crossed the Drava in three parties - probably at a point near the market town of Völkermarkt where the river widens, losing some of its force. After the crossing, things started to go wrong. His guide lost the way, forcing the party to take refuge in the Sausalpen, a bleak 6,000ft high range north-east of Klagenfurt.

More seriously, Hesketh-Prichard quickly discovered an almost total lack of local sympathisers, let alone anything resembling an Austrian resistance movement. To top it all, the weather worsened, hampering further air drops.

As December neared, it also became obvious that the Allied advance would have to stop for the winter, leaving Hesketh-Prichard marooned way behind enemy lines.

We have only sketchy accounts of his existence

there. He was living rough with a dwindling partisan force, short of food and shelter, with no supporting local resistance network, and in constant fear of betrayal. After their supplies ran out, the group split up and was forced to raid local farms for food and an electricity supply to work the radio. Morale ebbed, and there was an incident in which Hesketh-Prichard knocked down a partisan who had plundered a farmhouse against his orders.

My wife and I drove up to the small town of Eberstein on the western slopes of the Sausalpen, the last place where he was seen alive. The

Continued on Page III

Tony Jackson

State of the olde world nation

A spell away from home can put the air of pessimism in Britain into a wider and brighter context

For the expatriate journalist, it is hard to escape the conventional notion that Britain is going down the drain. The nation's one international media story, the royal family, is the stuff of ridicule. For the American business community, on which I have been reporting for the past two years, the UK is scarcely a blip on the radar.

There is supporting evidence at home. Since I returned from New York a few weeks ago, I have been reading Will Hutton's best-selling book, *The State We're In*. Britain, Hutton says, is in a bad way. Indeed, it is tottering on the brink of ruin, brought there by the insatiable greed of its financiers and the lack of a written constitution.

Oddly enough, it does not seem like that, at least on the surface. Call me Pollyanna, but I could swear that London has improved

since I have been away. The change is most marked where least expected: in the public spaces, which in the supposedly selfish 1990s should have been left to fend for themselves.

I notice, for instance, that money has been spent on Regent's Park. Even seedy old Southwark, home of the FT, has been smartened up. Private money has been at work as well. I can now take a train to Paris through the Channel tunnel. And on a local level, it seems that every pub in central London has taken to decking itself out with hanging baskets of flowers.

Now, I am not Pollyanna enough to believe this is the whole story. My old haunts on London's fringes - Tooting, say, or Stoke Newington - are doubtless as drab as ever. Certainly, the job centres still draw the same despondent crowds; and the beggars are still out on the streets of Camden Town.

But there is nothing like a spell away to give a sense of context. Nowhere in London is as awful as the worst parts of New York. The blight of unemployment is not peculiar to the UK. Begging is now an international phenomenon.

Call me Pollyanna, but I could swear that London has improved

A direct comparison with New York flatters London in other respects. For the business journalist, America is still the centre of the universe, and New York will always be a terrific place to visit. But it is a different matter when it comes to setting up house.

Doubtless, the average New Yorker could make the same point in reverse. But it is good to get away from Manhattan's cramped and squalid supermarkets, from primitive kitchen appliances and from banks which are incapable of paying regular bills by standing order.

The state of the British economy is another matter. The more one sees of the immense dynamism of American capitalism, the more one worries about the British version. This brings me back to Hutton's book: in particular, to the thought that his view of the UK, apparently so gloomy, is in some respects too sanguine.

His thesis, familiar to those with memories of the 1970s, is that there is nothing wrong with the UK economy which cannot be solved by a good dose of investment. That, in turn, is prevented only by the snobbery and avarice of City financiers.

What we have here is a conspiracy theory. To quote Pat Barker's excellent novel *The Ghost Road* - last year's Booker prizewinner - all conspiracy theories are optimistic. They assume that while the rationale may be hidden, somebody somewhere knows what is going on.

This belief has been badly dented by events in the City over the past two years. Barings, of course, has gone under. A string of old finance houses - Warburg, Kleinwort Benson, Smith New Court - have fallen under foreign ownership. Far from being the cause of the British disease, the City is revealed as one of its chief victims.

That disease can be simply defined as a failure of management. I found it mildly dispiriting to learn, while in the US, that Samsung of Korea is to make microwave ovens in north-east England. This seems

symptomatic: the task, one would have thought, should not be beyond the reach of local talent.

In certain parts of the economy, British managers seem to have lost their self-belief. That is the sad rebuttal of Hutton's naive faith in investment. If companies have lost the knack of making things which people want to buy, it makes little sense for them to build factories anyway in the hope of stimulating the economy.

But perhaps such thoughts are also symptoms of the disease. In the dying years of the millennium, there is a natural tendency to pessimism.

So given that the weather is fine and the streets of London beckon, I think I shall go for a walk. If I am oppressed by thoughts of the nation's decline, there is a simple remedy. I shall pause under the flower baskets and have a pint of beer.

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PERSPECTIVES

The Nature of Things

From canter, to gallop and beyond

Andrew Derrington says only psychology can push horses passed the pain barrier to new records

Why is it that although human athletes run faster and faster year by year - in the last half century more than 20 seconds, or about 10 per cent, has been shaved from the world record for 1,500 metres - horses, which are equally the beneficiaries of scientific training and healthcare, are hardly improving at all?

Some scientists would dismiss this question because it poses an unfair comparison. Unlike human athletes, horses, and their owners, get nothing for breaking records.

David Marlin of the Animal Welfare Research Trust at Newmarket points out that the important thing for a racehorse is to beat the others in the race, not to set a fast time. If fast times were to become more important he thinks that horses would improve.

"If you put up half a million pounds for the first horse to take five seconds off the record

for the mile, it would happen," he says.

But there is a real difference between horses and humans that suggests it will be very difficult for horses to get faster although humans could continue improving for some time yet. The problem is that even untrained horses are already superb athletes - there is almost no room for improvement. "It starts from birth," Marlin says. "A human can't run very fast until they are about 10 years old. A horse is able to canter about with its mother - it would have to in order to survive in the wild - within a few hours of being born."

This basic difference persists throughout life. A good test of a runner's fitness is to measure the oxygen consumed when exercising to the limit on a treadmill. An elite human athlete uses about 70 millilitres of oxygen per kilogramme body weight every minute, Marlin says. An average thoroughbred horse uses 140 and an exceptional horse might use as much as 210.

The horse is like a super-charged racing car. Every component is pushed to the limit. There simply isn't any easy way to make it go faster. Attempts to increase the power of the engine are just as likely to break some-

thing as to produce a gain in speed. In contrast the human is like a modest family saloon car. It is fairly easy to boost performance with a bit of tuning.

This analogy is borne out by the injuries that horses suffer in training. A well-known vet who works with racehorses says that about 25 per cent of two- and three-year-olds suffer injuries to the front knee joint or to the cannon bone which connects the knee to the fetlock.

"At the gallop half a ton of horse lands on one outstretched leg and the cannon bone simply bends backwards," Marlin says. He likens these injuries in young horses to the problems

suffered by overtrained young human gymnasts.

However, it is not just a question of immaturity. Older horses are also up against the limit. About 20 per cent of them suffer strain injuries to the tendons that run up the back of the foreleg.

A racehorse trainer works on a knife edge, balancing the need to improve a horse's fitness against the likelihood of causing injury. "Racehorse training is a very difficult job," Marlin says. "A horse's bones only need 20 seconds of work a day but you might want an hour or more to improve the heart and lungs." Humans on the other hand

benefit enormously from training, according to Ron Maughan of the University of Aberdeen. But an athlete's natural endowment is also important. It determines what kind of running he or she can do. Sprinting requires "fast twitch" muscle fibres, which work largely on limited stored energy reserves that do not require oxygen. Distance runners need slow twitch fibres which can take advantage of the much more copious energy available from oxidative metabolism.

The balance between the two kinds of muscle is genetically determined. According to Maughan, one of the important

factors improving human world records is that a larger gene pool is being exposed to the effects of training.

World records are not just falling, they are going to different countries. "If the Kenyans had done as much training 50 years ago as they do today one of them would have been the first four-minute miler," he says.

The only area where humans probably do outclass horses is in their determination to win, and in their ability to tolerate pain in order to do so. According to the vet, most horses do not have anything that corresponds to a will to win. "They couldn't give a damn really" and they will not tolerate pain.

So it could be that the next big advance in racehorse training will come from the application of psychology, if somebody can train a horse to run through the pain barrier.

■ The author is professor of psychology at the University of Nottingham.

Minding Your Own Business

Catching Cornwall's persistent pests

Clive Fewins on a one-woman, rat, flea, wasp, ant, mole control company

Since she was a child Sharon Harvey has always been an animal lover, yet her daily round is a catalogue of death for scores of small quadrupeds in her south-west Cornwall catchment area.

Harvey is a professional rat-catcher - the only full-time registered, female self-employed rat-catcher on 24-hour call in the county, she believes.

"Catchers", the name Harvey, 33, gave the Redruth-based business, has been going for 3½ years. In that time it has expanded to cover ants, fleas, wasps and moles. Harvey is still the only employee of the company, aided on odd occasions by her husband Shaun, 37.

The turnover of her business is a closely guarded secret, as are her profits.

"I really do not want the competition to know too much about my business for the same reason that I keep many of my methods secret," she says. "In this depressed part of Cornwall, if you have a successful enterprise it is a battle all the way to start up and keep going."

"It has taken a long time to learn my business and its success is crucial to our family. My competition is mainly from big national companies and I want to remain an unknown quantity to them - particularly as my eventual aim is to take over many of their contracts."

The idea of Catchers started five years ago when the Harveys realised that the osteoarthritis he had developed would eventually prevent him from working. When he lost his job in the meat industry in March 1988 they found themselves and their three children on income support for six months.

"We went from £150 a day to £118 a week," Harvey says. "Despite the fact that Shaun's job had never been secure it was a massive shock."

Shaun is now on invalidity benefit and the family survives largely due to two income protection policies taken out 10 years ago.

"I am able to draw very little from Catchers because of the need to reinvest," Harvey says. "I badly need a computer and a new chemical room. Also the four-wheel drive

vehicle I use to visit farms is too expensive to use all the time so I could also do with a second, smaller vehicle."

"Despite this I am confident everything is in place to make good profits. I have contracts with local hotels, pubs, clubs and cinemas, and business is beginning to snowball. I am also fighting against some of the big national companies to win local authority contracts."

Contracts account for only 15 per cent of Harvey's turnover - most of Harvey's jobs are small, for which she usually charges around £25 a time. One big contract would bring greater security.

Many jobs take place at unsocial hours when the local authority service is unavailable. Harvey recalls driving 12 miles to Falmouth one night when called out by a lady whose newly decorated sitting room was harbouring a rat which had wandered in through the French windows and taken a liking to the new deep pile carpet.

"It was a task for Bonnie, my little lurcher," says Harvey. "She despatched the rat quickly and neatly but the customer seemed reluctant to hand over £25, even though it was after 10pm."

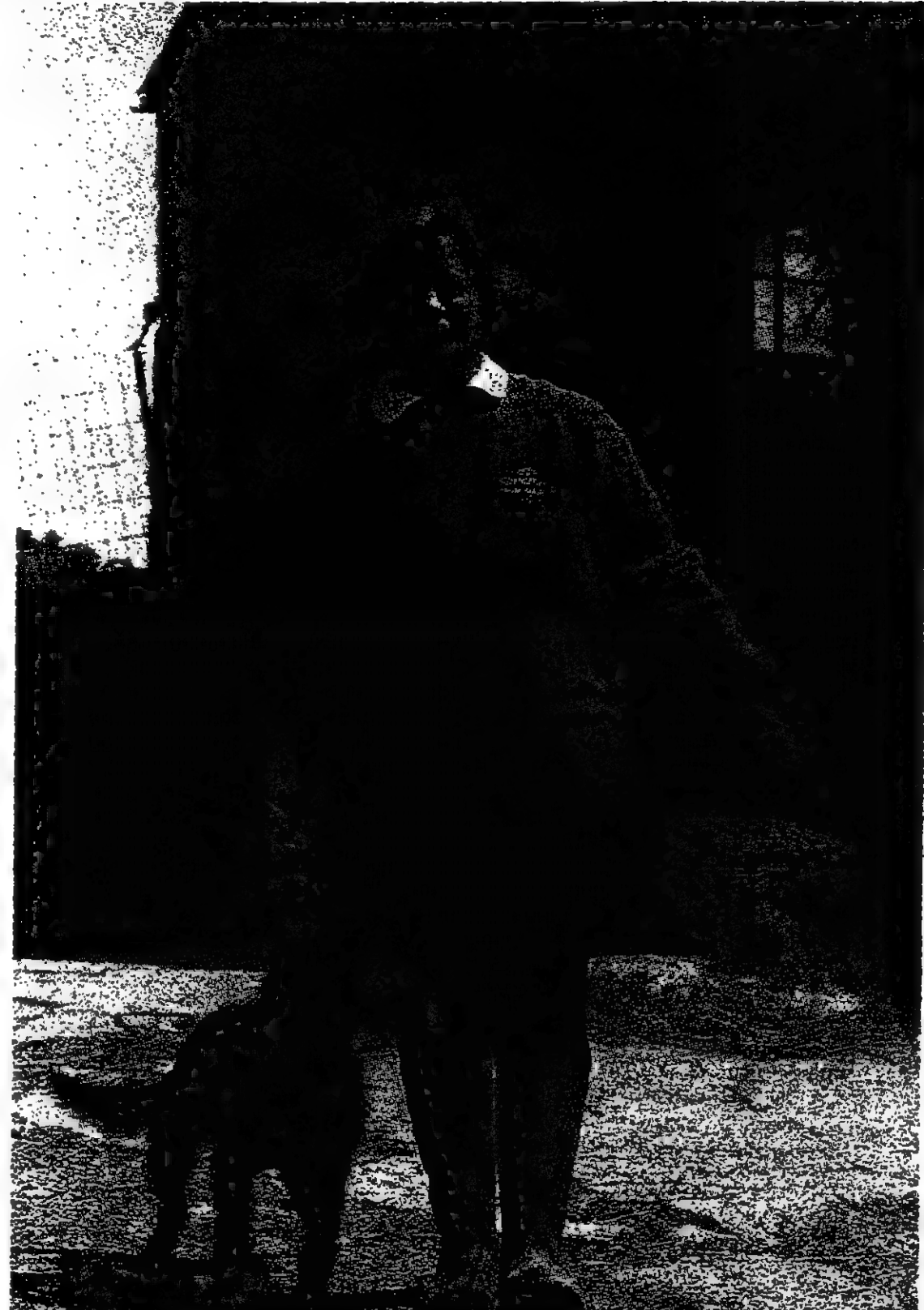
Harvey usually charges the same amount for daytime visits, depending on how far she has to travel. One source of business is from people or companies who prefer her unmarked vehicle to one with "Pest Control" clearly marked on its side.

"People down here do not like the idea of needing to call in a pest control specialist. They do not seem to realise that most of us live with rats nearby," she says.

Britain's rat population is estimated at 20 million and fast outgrowing humans. There is said to be a rat within 30 yards of each one of us most of the time.

Although rats comprise around half her business Harvey is also licensed to use the deadly poisons necessary to eradicate moles on agricultural land. It is an increasing part of her business.

Working at 6am with its high temperatures, was a good one for fleas, ants and wasps, and she even has to deal with feral cats.



Sharon Harvey: "I really do not want the competition to know too much about my business"

Dawn and West Photo Agency

"People sometimes think it is a strange occupation but I was brought up with animals and we kept all sorts of strange pets here in Bodmin in the days when we could afford it," Harvey says.

"I worked on a farm as a teenager and I realise that some species have to be controlled. It is very rare for me to come face to face with a rat and when that happens he is usually very weak and I am able to despatch him neatly with an old truncheon."

"Using the thumper, as I call it, is the only part of my job I dislike. Fortunately, 99 per cent of the rats I kill die in their holes of poison. The skill is in applying the right

amount of the right chemical - so the rat dies as rapidly and humanely as possible."

"The other skill is in making money. Although I have no overdraft and no loans I have still not paid Shaun any of the £7,500 he lent me to buy the vehicle and equipment and pay for the courses I went on when I started Catchers."

"I also need to improve my skills at assessing jobs and quoting correctly. In the past I have done some very unprofitable jobs. On occasions I have driven up to 25 miles to a job for which I have charged £25 and the poison needed has cost as much as £15."

"The other thing I have to tackle is the balance between the rat work and the other jobs, which can often be more profitable."

"However, I believe I am succeeding. Although showing real profit is still hard I gain a lot of job satisfaction and I feel I am helping people."

"I am optimistic that after another few years I shall be able to turn over about £40,000 and take out £25,000. Together with the insurance that should enable us to stay in our home and have a reasonable standard of living."

■ Catchers, Primrose Cottage, Garby Lane, Southdowns, Redruth, Cornwall TR 1 2NU. 01203-211994.

Truth of the Matter

Knocking at heaven's door

Clergy are peculiarly vulnerable in our cities, says Philip Crowe

Eric was a harmless, highly intelligent man, who shuffled around Birmingham wearing polythene bags on his hands and feet. He usually sat near the door of St Martin's-in-the-Bull Ring, and if he found the sermon boring, he would take out a tin of Vaseline, smear a large dollop on to his completely bald head, and slowly rub it in.

Mr Nixon always wandered around in his oilskins. He had once worked on the barges, and whenever he came to church, which was often, he would never sit down. He hovered near the exit, ready to make a silent and swift getaway. One Friday he heard that there was to be a confirmation service next day.

"This is bread and wine," he said to the rector. "I think I'd like some." It was the first move he had made towards a community for a long time. Next day, in his oilskins, he was presented to the bishop to be confirmed. After that, he would occasionally come up, always last, to receive communion, though he would sometimes stay at the communion rail after everyone else had gone, and mutter, "You didn't give me much wine, did you?"

Lorna was a seriously disturbed person, about 20 when I first met her. She was anorexic, and had retreated inside herself to the point where she could say almost nothing. Almost every week for nearly three years, I saw her for an hour, and if I had added up everything she said in the whole of that time, it would have taken about 10 minutes. Eventually, we slipped into a routine where I would sit on the floor and hold her in my arms while we listened to music. It was her only contact with another human being, an oasis which made it possible for her to stumble on through her arid and silent desert.

It was nearly 20 years ago that I met Lorna and Eric and Mr Nixon in inner-city Birmingham. People like them are still there, more numerous because of Care in the Community. But things have changed. I doubt whether I could care for Lorna in the way I did then. It would not be safe now. My colleagues then thought it was innocent, and justifiable as a last resort. Today it would be considered seriously unprofessional, and I would be suspected of abuse.

For six years in the late 1970s, I worked in the inner city. I eventually reached the point where I automatically assumed people were nuts until they proved they were not, and on reaching that point I decided it was time to go. I began to fear for my sanity, but I never once felt my life was in danger.

Today, clergy are in danger in the inner cities as never before. People who are desperate, homeless and mentally ill get washed up in city centres. They always have. Twenty years ago, drink and poverty were the main problems, but people would not readily kill for either, and certainly not a vicar.

Today, people will kill for money, usually to feed an addiction to drugs. Getting money for the next fix is a

matter of life or death. Drugs have changed the culture and poverty has increased. Today there are also more young people who are homeless. In inner cities, violence is endemic.

The tragic and sad death of Christopher Gray in inner-city Liverpool was not an isolated occurrence. Last May a report was published called Knocking at Heaven's Door, which explored the new dangers faced by the clergy and offered some advice.

Clergy are peculiarly vulnerable partly because they live over the shop and are generally the only professionals who not only work but also live in the inner city. They have no protection, no colleagues or receptionists or secretaries. If someone wants to see a member of the clergy they knock on the vicarage door or wait around after a service.

Most of all, clergy are vulnerable because they are committed. They believe in a God who welcomes everyone, particularly the desperate and the deranged, and

The more dedicated the priest, the greater the risks - Christopher Gray was dedicated

they believe they should do the same. Turning people away is contrary to their belief and their calling. Clergy do not go around wearing flak jackets, protected by bodyguards. They are vulnerable, as their master was vulnerable, or they are nothing. The more dedicated the priest, the greater the risks, and it is evident that Christopher Gray was exceptionally dedicated.

I was preaching once in St Martin's when a man strode up the aisle, staring at people. I went on preaching, and people let him wander round. He went to the side chapel and knocked the chairs over. One by one, slowly, I continued preaching and people allowed him to knock down the chairs because in those days we let people do whatever they had to do in the church, provided they did not make life impossible for everyone else. Today the man would have been stopped before he had got part way up the aisle.

Eventually he stood in front of the pulpit, looked me in the eye and said, "the Devil's in here". At that point I said, "I'm very sorry mate, but it's either you or me," and a burly porter from the meat market, who weighed 17 stone, came forward and with a beaming smile, put his arm around the man's shoulders and wandered amiably with him to the back of the church.

Sadly Christopher Gray was alone with his attacker. Like his master, he was vulnerable and without protection. He was not stupid, he knew the risks. But he still served his God in an inner city which has become more dangerous, even for clergy.

Dispatches / Kieran Cooke

Mary King of Ballinakill

The graveyard at Ballinakill is on a slope overlooking a lough. The tops of the surrounding Connemara hills are hidden by layers of cloud, like the hats of a clutch of cardinals. A gentle breeze sighs in from the Atlantic. Down by the shore an oyster catcher gives an echoing, whooping cry.

I first met Mary King nearly 10 years ago. We would meet for coffee, cream cakes and a good gossip in a little coffee shop at the back of a women's apparel shop in Baginbun Street.

Then I went far away. On my next visit I found the phone had been disconnected. Later I learned Mary, aged 83, had died and had been brought back to her birthplace at Ballinakill to be buried.

Hydrangea bushes poke

through the long grass. Plastic flowers are arranged neatly beneath round containers, like cakes in an old-fashioned tea room.

The world is a little emptier for Mary's going. She was the most well-read person I ever met. For much of her life she worked in Parsons bookshop near the Grand Canal in central Dublin, a dusty emporium that served as one of the capital's literary shrines.

Parsons was owned and run by the eagle-eyed Miss O'Flaherty, a still sprightly 85-year-old when she eventually sold up and retired in 1989. In attendance at Parsons were Miss O'Flaherty's "girls" - Miss O'Riordan, Miss Ronan, Miss Leahy and Miss King.

Whereas Miss O'Flaherty confessed to never reading a

book in her life, ("I much prefer a good game of cards") Miss King vacuumed up everything that crossed Parsons' doorstep.

Parsons had an eclectic selection of books. One day Mary would be deep in Proust, the next she would be studying the architectural significance of the Sinau mosques in Turkey. I never once saw her sitting down at work, she stood reading in one corner at a dilapidated desk, ever ready to respond to any customer request.

To the uninitiated, Parsons was deeply confusing. Miss O'Flaherty took pride in eschewing any attempt at modernisation. No paint brush had been seen in the premises since she purchased it in 1947. Browsers would wander about in a cloud of dust. Miss O'Flaherty

was also deeply suspicious of any semblance of order, so Miss King's assistance was invaluable in tracking down a title.

"Ah - The Man Who Mistook His Wife For a Hat? I think it must be up there by that one on oyster farming. Would you get the steps and see for yourself?"

Dublin's literati would regularly stroll, and at times stumble, into Parsons. Miss O'Flaherty's favourite was Patrick Kavanagh. Mary had a soft spot for Brendan Behan.

"He was a grown-up schoolboy really," said Mary. "He was full of devilment but also very kind. He just enjoyed kicking over the traces and would have a go at authority of any kind. When he first came into Parsons he had a job as a

painter down the road. Brendan had a wonderful way with words and I never heard him swear, even when he had a good deal of drink."

Leaving Parsons was difficult for Mary. "It is like dismantling your life," she said at the time. She gave me the old desk she used to read on. "Brendan would come in and perch on its edge and talk in the most eloquent way you would be intoxicated by it. He had a wonderful way with words."

The desk now stands in our kitchen. Its handles, blackened with use, advertise the "Liberty Bodice" - the garment for all ages. When something is mislaid you're likely to hear, "It's on the Brendan Behan".

Mary continued reading in her retirement. Up until her

death she regularly read to people at the blind home round the corner from her flat. Politically, she was a "Garrettist" - a devoted follower of Garret Fitzgerald, the former Taoiseach.

When I last saw Mary she told me she had just finished reading a biography of Graham Greene. At the same time she was rereading *Midnight's Children* and the memoirs of Oliver St John Gogarty, the Dublin physician who earlier in the century was part of a social set which included most of the emerging republic's political and literary elite.

No surprise then to find that the graveyard at Ballinakill is also the last resting place of Gogarty. There, a short distance from Mary's grave, is Gogarty's epitaph.

"Our friends go with us as we go
Down the long path where
Beauty wanders,
Where all we love fore-
gathers, so
Why should we fear to join
our friends?"

PERSPECTIVES



The guardian of the truth

Christian Tyler investigates the secretive world of the Special Operations Executive

In an attic room decked out in posters from the 1940s set Gervase Cowell, Special Operations Executive adviser to the Foreign Office and keeper of the SOE files. Many people have taken the lift to the top floor of the Old Admiralty Building beside Horse Guards Parade in London to question him about the SOE, the secret army of saboteurs sponsored by Winston Churchill to harry the German occupiers of Europe in the second world war. People go in search of answers. Their questions concern the fate of friends and loved ones and they hope Cowell's records will put their minds at rest. Cowell knows as much as anybody about the daring but amateur network of agents whose real or mythologised exploits have inspired and comforted two postwar generations. He is a sculptor and painter with exhibitions to his credit, a published poet and Russian translator in his spare time, and one of those intellectually outstanding civil servants who are almost too bright to live in the light. Formally described as a diplomat, he was expelled from his Moscow posting in 1953 after KGB complaints that he was the case officer running Oleg Penkovsky, Britain's biggest double agent of the cold war. This, and the sensitivity of his final Whitehall assignment, led one to the conclusion that he was, and is, a top member of the British secret service.

As midwife to the retrieval of family histories, Cowell knows how faulty human recollection can be and how treacherous sometimes the record itself. Cowell said the only thing more rewarding in his work than the stories contained in the mammoth folders was the people who turned to him for help. "There is a childlike thrill in opening three letters every morning and wondering what you are going to see." Those who find their way to his door in person or by letter, make inquiries that can be sad and painful. A war widow wanted confirmation of her husband's heroic death: the record said he was killed when he carelessly threw a rifle on to a jeep. In such cases Cowell would draw a veil over the truth. A man wrote from Norway to say he believed he was the son of an SOE agent, conceived after a night of passion in an Oslo cellar. Cowell sent a photograph and the agent's family accepted him. Some inquiries can be irritating, like the letters from descendants asking for money or other rewards. Or they can reveal the existence of extraordinary fantasists. There was the dinner guest who claimed to be a concentration camp survivor and carried the name of a person known to be dead; and the man who said he had been an agent in Berlin when the record showed he was in Blackpool taking his driving test at the time. There was the magazine "Woman of the Year" who had made a career of the lunch circuit out of her non-existent SOE exploits, and the woman whose manufactured SOE past landed her a job teaching survival techniques at Maxwell US Air Force base. "The trouble is they don't want to know if you write and say that he or she is a fraud," Cowell said. "No one doubts a dear old lady." Sometimes the records themselves must be doubted. The fact

One man was killed when he carelessly threw a rifle on a jeep. In such cases Cowell would draw a veil over the truth

that something is written down does not make it true. The record may be wrong because witnesses are fallible or because a report was dashed off merely to humour the top brass. It may give a false impression. The file on Christina Granville, a Polish countess who saved an SOE mission by persuading its captors that American forces were only three hours' away, is less eloquent about her exploits than about her claim for the loss of expensive silk underwear. Cowell, who retired from the post last month just before his 70th birthday, said that when the

archive was silent he would write a letter of appreciation, stamped "something to hang on the wall". There are big gaps in the records. Leo Marks, who devised cypher codes for SOE and is writing a memoir called *Between Silk and Cyanide*, says the disappearance of his code-poems and wartime reports critical of the Secret Intelligence Service (SIS), which took over the files after the war, is due to internal rivalry. SIS and SOE were often at loggerheads; they operated in very different ways - one group trained for silent infiltration, the other to blow things up - yet were competing for the same resources. Some records held in Cairo during the war were deliberately destroyed when the German army came too close for comfort. A fire at SOE's head office in Baker Street, London, immediately after the war did more damage. Because of lack of space, the files were subsequently reduced to about 13 per cent of their former bulk - an unsystematic cut but less drastic than it sounds, according to Cowell. Likewise, for some unexplained but probably not sinister reason there are large alphabetical gaps in the personal files. The SOE files are now being released, area by area, to the Public Record Office at Kew after an "open government" initiative some years ago. Operational reports on East Asia, Scandinavia, the Middle East and Africa, eastern Europe and the Soviet

Union have already gone. Yugoslavia is due to go in two months, followed by western Europe, France, Italy and finally Headquarters. The 7,000 personal files will not be made public for the same reason that medical and census information collected by the government is supposed to stay confidential. Before files are released, the secret service has the right to "weed" them of any reference to itself or its own agents, partly to honour a promise that agents' names will never be published. But SOE material itself is not restricted, and is held back only if information is thought likely to distress the families. "One tends to think one is guarding government secrets," Cowell said. "There is very little of that kind of issue involved." The release of files is unlikely to add much new material to controversies such as Churchill's decision to switch his Yugoslav support to Tito, or the capture of 46 Dutch agents - virtually the whole network - or the infiltration of the French Resistance. "There was a tendency to romanticise, especially immediately after the war," Cowell said. "A lot of that was justified. Then the knocking started: the next generation of historians went to the other extreme and started to claim that SOE had been ineffective. We are still in the middle of that." "There is much that is inspiring, and much of it was amateurish. But what else would you expect it to be?"

Lunch with the FT Money drives the writer

Andrew Jack on Paul-Loup Sulitzer, businessman and best-selling author

Paul-Loup Sulitzer, the French best-selling author, is a man who does little to play down his image. The Gallic equivalent of Jeffrey Archer continues to ooze from every pore *les amies* *fric*, the 1980s spirit of new money, a decade after its time. We met in the Grand Vefour, a restaurant in central Paris which well deserves its two Michelin stars in quality and price. His treatment by the *maître d'hôtel* showed that he was clearly a regular. In front of him sat the longest cigar I have ever seen, stretched across almost a third of the table. Naturally, he assured me that it was also one of the most expensive concoctions of tobacco leaves available in the world: a Monte Cristo from Cuba, which he stressed were "almost impossible" to obtain. No doubt in deference to his interviewer (though it was his enthusiastic assistant who had suggested we meet), he was extremely flattered about the English, stressing his admiration for their courage and independence, expressing an interest in moving across the Channel, and posing concerned questions about my views on the latest thinking on mad cow disease. But his strongest justification was, perhaps inevitably in between mouthfuls, that "you can eat extremely well in London, and there are excellent wine cellars". To prove his appetite for good quality food, he quickly endorsed our waiter's suggestion of a second round of the *rouget* main course for us both. He also stressed the meticulous concern the British show over their high-quality ties and cufflinks. (I nodded assent while nervously fingering my loosely knotted tie - which concealed a shirt with the top button undone - with a hand protruding from a buttoned shirt-sleeve.)

None of this visible show of wealth should come as any surprise from a man whose first book, published in 1980, was called *Money*. Nor from one whose second, a year later, was called *Cash*. And certainly not from someone whose third, in 1982, was entitled *Fortune*. Sulitzer, it seems, has acquired all of the above in a personal capacity. The son of an eastern European refugee who went on to launch a range of businesses, he first made his name in 1964 lighting French bureaucracy to become the youngest chairman of a company, making and selling key-rings before he reached the age of 21. He went on to import a range of gadgets for Gallic collectors, before diversifying into consultancy, finance and property development in the 1970s. If he had stayed in business, his name would no doubt have remained relatively obscure. But he says he was inspired to write about the practical difficulties that he encountered in running a business. He also had the pent-up frustrations of someone with a long-term contempt for all of those involved in the troubles of Paris in 1968 - intellectuals, such as Sartre, who suggested that "money is nothing"; but also the bourgeoisie "who hypocritically drove around in an old car while keeping four Rolls-Royces in their garages". The result was his career relaunch into writing, which he

Sulitzer says his critics are jealous of his sales success and business acumen

over privacy, that he pays £55,000 - or half his monthly salary - to the French tax authorities. Sulitzer seems to have had little difficulty in finding buyers for his works, aided by original marketing stunts including handing out extracts of his books on the New York and Paris metros for free. Receiving the laurels of France's literary establishment has proved more difficult. He is sneered at for the quality of his writing and accused of using "ghost writers" - a charge he denies - while admitting that he hires "researchers" to help prepare his books. He dismisses his critics as "hypocritical" and says they are "jealous" of his sales success and business acumen, and are irritated by his political and intellectual views. "It's results that count," he says. His places more importance on the decision of the French government to request a report by him this autumn on how better to export cultural products. His solutions include an end to "permanent subsidies" and the need to translate into English before attempting to sell them abroad. But does he ultimately consider himself an artist or a businessman? For someone who recently told an interviewer that he enjoys music and opera, and saw the musical *Tommy* in London, his response is noteworthy. "What is Andrew Lloyd Webber?" Quite.



Paul-Loup Sulitzer: writing was a way of teaching economics Gerard Schachner

The hunt for the missing major

Continued from Page 1

town is dominated by a castle, which lends a certain romance, but otherwise it is quiet and dull. We took a mountain track and drove up towards the Sanalpen summit. We passed a pretty mountain village, St Oswald, and several farmsteads, knowing that Hesketh-Prichard must have skulked around them. At about 1,500 metres the track ran out. I pulled on my boots and completed the last 300 metres on foot. The Sanalpen summits are bleak. There are no dramatic rocky peaks, no sheltered corners, only a smooth ridge where the clouds sat by and the grass is flattened by the constant wind. I paused, imagining Hesketh-Prichard's mounting despair in this hostile place. No friends, no food, no purpose. His last signal, on December 3, read: "Give my regards to all at White's. This is no life for a gentleman." After that, silence. What happened? Mysteriously,

there is no record of his fate. The 40 or so partisans who came down off the Sanalpen when they were liberated the following spring denied any knowledge of his end. The Nazis' military records also offer no clues. Although a body dressed in British uniform was recovered after the war, this is not conclusive evidence because a lot of partisans were equipped in British gear. So we can only speculate. One detail we have from the partisans is that there was a shoot-out with a Nazi patrol in early December. This has led to speculation that Hesketh-Prichard was killed or captured by the Germans. But, if so, it would almost certainly have been recorded somewhere. Gorjan's theory is that Hesketh-Prichard was wounded and committed suicide to avoid torture. This might explain why no one saw him die, though, again, it is strange that his remains were not found. A further theory, proposed by Dusan Ribic, a Slovene war historian whom we

met, is that he was murdered by Russian agents who were also trying to gain control of southern Austria. "There were a lot of competing interests in the area," he says. "But this can only be speculation." Sir Peter Wilkinson believes that the absence of evidence

because the partisans needed the Englishman to ensure continued access to Allied supplies. Venetia and I left the Sanalpen and drove to St Ruprecht, a church on the outskirts of Volkmarsmarkt, where a mass grave and memorial commemorate the foreign liberators of the area. The grave contains the bodies of 88 fighters from eight countries. Two years ago, on the 50th anniversary of Hesketh-Prichard's death, Gorjan was granted permission to add an inscription which reads: "Here lies the British liaison officer A.C.G. Hesketh-Prichard (Major Cairns)." We cannot be sure that his remains really do lie there. But at least he has not been forgotten. Venetia, the first of his relations to see the inscription, laid some flowers. Did Hesketh-Prichard die in vain? Like many SOE missions, his exploits may be memorable more for their daring-do than their military value. The official account, which we later obtained

from the Foreign Office files, in the care of SOE adviser Gervase Cowell, describes his action as "magnificent but unsuccessful". He is certainly a hero among the surviving partisans whom he inspired with his gallantry. Even Mara Plesnik, whose family suffered on his account, shed tears as she recalled his memory. Sir Peter still keenly feels the loss of his wartime colleague. But in analysing the achievements of the mission which he set in motion, Sir Peter admits they were "virtually nil". There was no local resistance for Hesketh-Prichard to activate, and the Allies then let him down by halting their advance and failing to keep him supplied. There might have been some military value in the negative information that the Austrians had no organised resistance, but that was all. Later this year, the Plesniks intend to put a plaque on the side of their house commemorating the Allies' operations in their valley.

Analysing the achievements of the mission, Sir Peter admits they were 'virtually nil'

FOOD AND DRINK

Cookery / Philippa Davenport

It's time to preserve the fruits of your labours

Wasps in the kitchen. I hate them but their presence seems inevitable at this time of year. It is a signal that fruits and vegetables are in glut; in England the preserving season is with us again.

Jams, jellies and chutneys gloriously redolent of summer sunshine will of course bring comfort and cheer to the long, dark night of winter.

But when days are hot and sunny who wants to be stuck in a steamy kitchen for hours, arms aching from chopping and stirring.

I am keen to get the job over and done with as soon as I decently can. Just one serious preserve, plus a token effort or two, is enough to assuage my folkloric need to put something by in the larder for the leaner times that may lie ahead.

Having already made several

kilos of morello jam (and given the recipe in this column), I shall limit myself now to just two quick and easy confections - one genuine pickle and one ersatz chutney. Fingers crossed, the making of neither is likely to attract much attention from wasps.

There is of course an easier way to escape kitchen work yet succeed in squirrelling away a few choice summer treats for winter eating - acquire the fruits of someone else's labours. None better, none more *à la mode* than chef Bruno Loubet, who is renowned for marrying unexpected ingredients.

Loubet has just launched his own collection of preserves, available exclusively from L'Odeon, his restaurant in Regent Street, London.

The first offerings include peach and basil jam, blackberry and liquorice jam, oriental relish

and olive oils flavoured with lobster or with roast garlic and rosemary. Other sizzling combinations will follow in the autumn.

SWEET PICKLED PRUNES

I wrote recently that these are just right to partner potted eel with parsley salad. They go well, too, with rilletes and game terrine, and can be added to pies and stews, as an alternative to olives or pickled walnuts, for final savour just before serving.

Slip them under the potato layers of a lamb hotpot, tuck them under the suetcrust lid of a pigeon pudding, or drop them into a soup-cum-stew made with chicken, leeks, carrots and summer wheat for an update on cock-a-leekie.

Last but not least, sweet pickled prunes make admirable companions for cold goose, turkey,

tongue and other Christmas meats. The statutory waiting period between making and eating chutneys and pickles is one month. Three months is preferable, a year is better still, but I can vouch for the fact that these prunes eat well after as little as a week.

The ready-to-cook Agen prunes (the larger and fatter the better); 600ml cider vinegar; 500g pale

muscadado sugar; 2-3 cinnamon sticks, lightly bruised; 2 tbsps coriander seeds, lightly bruised; a couple of long curls of orange peel, pared so thinly that only the zest and none of the bitter white pith is included.

Soak the prunes in plenty of cold water for 3-4 hours, turning them gently from time to time, until completely soft. Meanwhile, put the cinnamon, coriander, orange, sugar and vinegar into a large pan and stir over a low flame. When the sugar is fully dissolved, bring to the boil and simmer for 10 minutes or until reduced to 600ml. Cover and set aside until cold.

Thoroughly drain the prunes and put them into a pan. Reheat the sweet spicy vinegar, pour it over the prunes, bring back to the boil and remove from the heat. Spoon the prunes into warm, sterilised jars, pour the vinegar over them and immerse

completely (including or straining off the spices and orange zest, as you wish). Tie down and label in the usual way.

AUBERGINE AND RAISIN CHUTNEY

This is not a traditional slow-cooked preserve for the larder. It is a chutney in the modern sense, in other words a medley of diced vegetables sautéed with spices, sweetener and vinegar, served hot, straight from the pan, as a flavoursome vegetable-cum-relish.

Conjured up in next to no time, this goes well with such meats as neck fillet of lamb, grilled, carved in thick slices and laid on a bed of cous-cous.

2 small aubergines; 60g raisins; 2 large onions; 6 tbsps olive oil; 2 tbsps balsamic vinegar; cumin seed; fresh mint; a pinch of chilli powder (optional). Dilute the balsamic vinegar

with 4 tbsps boiling water, stir in the raisins and leave to soak for 10 minutes or so. Meanwhile, chop the onion roughly; peel and dice the aubergines; toast and crush some of cumin seed (½ tsp or more, depending on your liking for the spice); and chop 2-3 tbsps of mint.

Thoroughly heat a large sauté pan. Add the oil and let it sizzle. Add the onions and fry for a minute or so. Add the aubergines and continue frying, stirring often, using high heat at first to frazzle the vegetables at the edges, then more gently until everything is cooked through. The whole operation should take no more than 6 to 7 minutes.

Add the raisins and their liquor to the pan. Let the liquid bubble up and evaporate; then season with salt, cumin, maybe a pinch of chilli, and fresh chopped mint.

Giles MacDonogh bemoans the passing of unpasteurised cheeses and samples some of England's very finest Stilton

I remember it as if it were yesterday: the listeria crisis of 1988-89. In a matter of weeks Britain was deprived of some of its best farmhouse cheeses when the supermarkets made over-hasty decisions to stop buying unpasteurised milk products.

Eleven out of 12 farmhouse Cheshire producers, for example, began pasteurising their milk leaving just one, Lance Appleby, to fly the flag for proper Cheshire cheese.

No proven connection was established between listeriosis and unpasteurised cheese. In most cases, pasteurised cheeses were found to be at fault, particularly industrially produced soft cheeses earmarked for long shelf-lives in supermarket cabinets.

The greatest damage was done to old-fashioned, unpasteurised, hard farmhouse cheeses, especially when they were selling their entire production to one or other of the supermarkets.

Strangely enough, the new-style, experimental, cheeses (which were soft, or semi-soft) survived, probably because they were not sold by the windy multiples, but by specialised cheese shops.

At Colston Bassett, in Nottinghamshire, the greatest of all Stilton cheeses was still unpasteurised as late as 1988. However, that winter three people who became ill pointed the finger at Colston Bassett Stilton.

It was a time when a lot of people were behaving in a hysterical way about cheese. Tests were carried out but nowhere could any substantial amounts of toxin be found, certainly not enough to account for the sickness. It was Christmas time, but the hard decision was taken to destroy the total stock of cheese.

Colston Bassett was given the go-ahead to restart production with unpasteurised milk, but the crisis in the cheese dairies was still claiming victims: they



Ernest Wagstaff, Colston Bassett's dairy manager, inspects his cheese

Say Stilton cheese, please

played safe and installed a pasteurisation unit. Unpasteurised Stilton was no more.

They are still sensitive about the story at the Colston Bassett dairy. Ernest Wagstaff, the manager, has difficulty talking about the crisis, but he has become reconciled to the new, pasteurised cheese and says the curd is just as good.

The only difference, he says, is that the cheeses do not last as long, and they seem to be ready earlier. The average Colston Bassett Stilton is now 10 weeks old. In the past it was 12. They also tend to dry out a bit more quickly.

Richard Rowlett, his assistant, points out that unpasteurised Stilton is no longer

an option: they now have a trade mark, not to mention an European Union PDO, which is similar to an *appellation contrôlée* mark. Neither admits to the possibility of unpasteurised Stilton. But to say that a cheese with a 300-year history must be pasteurised because of a decision taken less than a decade ago is to ignore the nature of the cheese which brought it fame in the first place.

Since the end of the listeria crisis a few cheese producers have gone back to making some unpasteurised cheese, taking, for example, a whole day's milk and using it raw.

Even if the Stilton Cheese Makers' Association had not voted to outlaw unpasteu-

rised cheese, this would not be an option at Colston Bassett: the premises are too small, producing only around 90 cheeses a day. In order to prevent the unpasteurised cheeses communicating their bacteria to the pasteurised ones, they would need to build a special new room.

I have dwelt on pasteurisation because I believe that there are fewer alongside a bottle of port under the Christmas tree, just proper truckles. The general view is that you are better off with a big chunk of the 7.5kg one, than with the 2.5kg size.

Stilton producers have been desperate to get away from the Christmas image.

They have come to the sensible conclusion that if they could get people to eat it even twice a year then they might double their sales. An advertising company has been hired, and now travellers on London Underground can see a woman in a swimming costume eating Stilton, or another pointing sophisticatedly at a glass of Chablis.

Chablis and Stilton must be just about the worst combination of wine and food imaginable, certainly if you want to taste the Chablis; but I can see their point.

There is no earthly reason to confine Stilton consumption to the Christmas holiday. Providing you drink sweet wine with it, Stilton

makes a perfect light lunch with bread or biscuits at any time of year.

For Stilton to launch an aggressive campaign is a sign that the insecurity has passed. People are hysterical about meat these days, not cheese.

A walk around the traditional maturing rooms at Colston Bassett is a reassuring sight: apart from that small pasteurising unit by the door, nothing else looks as if it has changed, and the truckles on their slatted shelves look every bit as tempting as they always did.

Colston Bassett Stiltons are available from specialist cheese shops only, or direct from the dairy (tel: 01949-81322), which will organise delivery.

Appetisers
Prices
rise at
auction

Both the two big London wine auctioneers, Christie's and Sotheby's, have had record results in the 1995-96 season which ended last month. But the sharp rise in prices has caused vendors to open their cellar doors and sell at good profits.

Christie's 49 worldwide sales total £16.85m, including 10 per cent buyers' premium in 1995-96, compared with £11.03m in 1994-95 - a rise of 53 per cent. More significant, the fine wine sales in King Street, London, rose from £3.07m last year to £5.35m this year - up 80 per cent. These have included one out-vendor sale.

Sotheby's more modest 15 sales have increased from £8.87m, also including buyers' premium in 1994-95, to £9.55m in 1995-96.

Many of the high prices for rarities were startling. Christie's sold a case of Chateau Petrus 1945 for £27,500 and one of Ch. Cheval Blanc '47 for £28,000. A Jeroboam, which equals eight bottles, of Ch. Mouton Rothschild '45 fetched £29,700. The late Baron Philippe de Rothschild predicted that his '45 would reach its peak in the coming century, and this seems more than probable. A single bottle of Ch d'Yquem 1847 made £9,500.

Sotheby's top figures were the highest for a single lot at auction: £148,000 for seven magnums of Romanée-Conti 1985, as against a previous top price of £100,000. A case of Ch. Mouton Rothschild '45 was £22,000, and three separate cases of Le Pin 1983 fetched £12,000 apiece.

Prospects for the coming season, which opens next month, are promising, and Christie's already has a single-vendor sale in train.

Edmund Penning-Rossell

The first time I was at an English friend's house I was faced with a couscous salad garnished with a smattering of chopped tomatoes, onion and cucumber and a few specks of parsley.

I was too embarrassed to say that the *tabbouleh* I knew, and made, was quite different: a luscious green salad made with finely chopped parsley and mint, tomatoes, spring onions and a minimal amount of burghul (cracked wheat).

The salad I was about to eat was closer to the Turkish *kissir*, a golden mixture made with burghul, chopped

tomatoes, onion, green peppers and very little parsley.

Tabbouleh is one of the most misinterpreted salads in the western culinary repertoire. It is on the menus of trendy modern British restaurants, included in chefs' books, sold in sandwich bars and marketed by food manufacturers as a ready-to-mix preparation; although invariably that which is served as *tabbouleh* bears little resemblance to its Lebanese namesake.

The western version is primarily a burghul salad garnished with a choice of ingredients ranging from the traditional parsley, mint, tomato and onion to unorthodox ones such as coriander, cucumber, cooked peas, carrots and broad beans to name but a few.

It seems that *tabbouleh* has become the generic term to describe any type of burghul-based salad.

I suspect the confusion

between the two recipes must have arisen in the 1960s, when the trend for healthy food, and thus Mediterranean cookery, started. A cookery writer must have introduced a recipe for *kissir* and named it *tabbouleh* by mistake. The error has stuck.

Here are two classic recipes for *tabbouleh* and *kissir*. As you will see, the ratio of burghul to the other ingredients differs from one recipe to the other. Neither the Lebanese nor the Turks use cous-cous. They both use fine burghul (or *bulgur* as the Turks call it).

I prefer to use brown burghul which I find in Lebanese shops but you can use the light golden one which is sold in Greek, Cypriot or Turkish shops with equally good results.

I do not recommend the coarse burghul which you find in supermarkets and health food shops. The grain is too coarse and will

not have the right bite.

TABBOULEH (serves four to six)

30g fine burghul; 600g firm ripe tomatoes, diced into 5mm cubes; ½ bunch spring onions, (about 50g), trimmed and very thinly sliced; two bunches flat-leaved parsley (400g on the stalk), very finely chopped; ½ bunch mint (70g); ¼ tsp ground cinnamon; ¼ tsp ground allspice; ¼ tsp finely ground black pepper; salt to taste; 150ml extra virgin olive oil; four gem lettuces, washed, dried and quartered (or fresh tender vine leaves or white cabbage leaves, washed and dried).

The secret of an excellent *tabbouleh* lies in the way you chop the herbs. Chop them using a razor-sharp knife to produce the required thin, crisp shivers of parsley and mint.

Rinse the burghul in cold water, drain well and put

in a salad bowl large enough to mix the *tabbouleh* in.

The most efficient way to dice the tomatoes into small cubes is to cut them in thin slices, about 5mm thick. Place these, in a pile of two

Use lettuce, vine or white cabbage leaves to scoop up the salad

or three, on your chopping board and cut them into strips of the same thickness, then cut across the strips to produce cubes about 5mm square. Spread the diced tomatoes and their juice over the burghul, then add the sliced onions.

Wash and dry the parsley. Gather a handful of parsley sprigs in a neat bunch and

lay them on your chopping board. Hold the bunch, with the leaves under your palm and cut off and discard most of the stalks, leaving a length of about 2cm. Start chopping the parsley, from the stalk end, as if you were slicing it, as thinly as possible, in strips 1mm to 2mm wide. Put the chopped parsley over the spring onions, looking out for big pieces. If there are any, take them out and chop them finely.

Strip the mint leaves off the stalks, bunch them together and chop them as thinly as the parsley. Add the chopped mint to the parsley, cover with a clean kitchen towel and leave for about half an hour for the burghul to absorb the tomato juices and soften.

Season the *tabbouleh* with the cinnamon, allspice, pepper and salt to taste, pour in the lemon juice and olive oil and mix well together. Taste, adjust seasoning if necessary, and serve immediately.

Tabbouleh is normally eaten with either lettuce, fresh vine or white cabbage leaves. Use the leaf of your choice, as if it were a piece of bread, to scoop up the salad.

KISSIR

(Serves four to six)

150g finely ground burghul; 150ml boiling water; 100g onions, finely chopped; 400g firm ripe tomatoes, deseeded and diced in 1cm square cubes; 50g green peppers, deseeded and diced like the tomatoes; 3 tbsps extra virgin olive oil; ¼ tsp cayenne pepper; ¼ tsp paprika; 1 tsp pomegranate syrup, or 2 tbsps lemon juice; salt to taste.

This recipe for *kissir* is from Nevin Hali's *Turkish Cookbook* (Dorling Kindersley, £14.95). I normally dress it with pomegranate syrup, which is the boiled-down juice of sour pomegranates, to give it a delicate sweet-sour taste. You can buy

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FASHION / HOW TO SPEND IT



Sexy, sophisticated second time around

Belinda Morris says the older bride should look elegant in plain pastels and crêpe rather than pretty in pink or white silk

It is possible that love may be sweeter the second time around, but what about the formalities? Is a wedding any less nerve-racking for having gone through it all before? Do age and wisdom harmonise to create a stress-free day? And, above all, is it any easier, with hindsight and good taste, to find the perfect frock?

The answer to all these questions is invariably "no", especially if the blushing bride is of an age usually associated with mother-of-the-bride.

Hundreds of mostly unpublished letters to women's magazines are testimony to the agonies of indecision suffered by the second-time bride-to-be.

On the one hand there is a natural desire to make it a special occasion, especially if it is a religious ceremony. On the other, fears of looking like "matron" and images of Barbara Cartland, radiant in candy pink tulle, hover in the over-wrought imagination.

The prospect of friends and loved ones, for years to come, tutting over the wedding snaps, commenting on the unsuitably youthful ivory slipper satin, can force many a normally hip, whistles-wearing older woman into early Country Casuals.

"Heaven forbid," says Gabriella Di Nora, head of personal shopping at Selfridges, who regularly steers the older bride, gently but firmly, away from the safe and stuffy, towards the sexy and sophisticated.

"Many women come in with the idea that their outfit should be practical. Well, that should go out the win-

dow straight away, or why bother at all? It shouldn't be something that can be worn for the office afterwards - it should be something that makes a woman feel 100 per cent. Besides, there will always be some special occasion in the future that the good, snappy suit or dress and coat, can be worn for."

Di Nora acknowledges that the second-time bride has

'For anyone with difficult feet I would advise having a special pair made for The Day'

exclusive problems. "I've seen women pulled in so many different ways by the people around them," she says.

"She probably has grown-up children who might be embarrassed by what she chooses to wear; she may want to create a good impression on her children. Then, of course, there's the new husband himself and his image of her. The woman can become a victim in a tug of wills."

"If there is a rule," says Di Nora, "it's that a woman should never steer away from her inner self, should never lose contact with her own character."

"If you don't normally wear fitted, slinky dresses, don't wear one on The Day -

you'll feel uncomfortable. If you're naturally thin, don't choose the most flamboyant accessories that will simply overshadow you and probably frighten your intended, who's probably never seen you like that before." Advice and guidance are fine, she says, but they should be tailored by the woman, to suit her true self.

This would apply to colour, fabric and style of outfit. The personal shopping team would discourage white and suggest instead warmer, more flattering tones such as cream, gold, bronze or even off-white.

Rita Britten, owner and buyer at Pollyanna in Berners, guides her 50-something customers towards muted pastels like ice blue, pearl and lavender by Jill Sander and Jean Muir. Her quirkier dressers choose Miyake's Pleats Please ankle-length coats and dresses or Comme des Garçons understated tailoring.

Although Susie Faux wore a dress for her second wedding 18 years ago, she would now advise customers of her shops and consultancy, Wardrobe, to choose a light-coloured suit for the occasion.

"I think the look for the older bride should be glamorous rather than pretty, sexy but decorous," she says. The most important criteria are a good cut, beautiful fabric - a fine wool crêpe perhaps, rather than bridal silk - and a solid colour rather than a busy print. More, rather than less, can look messy."

Like Di Nora, Faux would counsel a second-time bride to identify her own style rather than copy a young

bride. "It's worth remembering that something that makes a young woman look younger, often makes an older woman look older," she cautions. She would therefore recommend smaller, expensive pieces of jewellery instead of larger, flashy items; a neat, classy bouquet rather than a large, showy one and a hat, not a veil.

And since the older woman's bones tend to be her skin from chest to bust and her upper arms, Faux would suggest a wide scoop, not V-neckline, and a suit that works best with the jacket left on.

"It's so important that the older woman looks elegant and so details such as a decent manicure, facial and hair cut can really help," she says. "And shoes also shouldn't be overlooked, the wrong ones can make a suit look dowdy. But they should also be comfortable, if not it will show in her face. For anyone with difficult feet I would advise having a special pair made for the day."

The trick is to feel special. Faux remembers that at her first wedding she was the centre of attention, but "at the second I seemed to come way down on the list of priorities. I was too busy worrying about my other responsibilities, like whether my sons looked smart, my by-now-older parents were well looked after and the dog was catered for."

"We're very aware of what the older bride is going through and the attention to detail that will make her feel her best. If she knows that she looks wonderful she will have the confidence she needs for the occasion."

(Top: left to right)
□ Fine wool jacket with detachable satin collar, £499, and matching knee-length skirt, £159, by Cerruti 1891, 106 New Bond Street, London W1 (0171-485 5880).

□ Fine wool double-breasted jacket with matching knee-length pencil skirt, £1,060, by Max Mara at Wardrobe, 42 Conduit Street, London W1 (0171-494 1131). Silk chiffon scarf, £89, by Calver and Wilson, Harrods, Knightsbridge, London SW1 (0171-284 2535). Straw hat with straw ruffles, £109, by Anne-Marie at Kangol, from John Lewis, Oxford Street, London W1, and selected stores (0171-487 4888).

□ Crushed satin sleeveless shift dress, £250, and matching coat, £355, by John Rocha from Liberty, London W1, and Harvey Nichols, London SW1 (0171-734 0123).

Pleated silk hat, £115, by Stephen Jones, 36 Great Queen Street, London WC2 (0171-242 0770), and Harvey Nichols, London SW1. Ostrich print leather handbag, £95, by Osprey, 11 St Christopher's Place, London W1 (0171-935 2824). Printed lace shawl, £450, Georgina von Etzdorf, 60 Burlington Arcade, London W1 (0171-409 7789), and Liberty, London W1.

□ Pure wool crêpe sleeveless shift dress and matching coat, £899, by Maska from Wardrobe, 42 Conduit Street, London W1 (0171-494 1131). Straw hat with feathers, £99, by Graham Smith at Kangol from John Lewis, Oxford Street, London W1, and selected stores (0171-487 4888). Silk stole, £175, by Calver and Wilson, from Tom Footley, 85 Fortia Green Road, London N10, and Judi Ltd, Belfast (inquiries and mail order 0171-724 6771).

(Bottom: left to right)
□ Rayon/silk devore tunic, £384, silk satin pants, £195, and silk slip, £117, all by English Eccentrics, Harrods, Knightsbridge. Pearl and diamond earrings, from David Morris, Conduit Street, London W1 (0171-499 2200).

□ Acetate/rayon pinstripe one-button jacket, £485, matching waistcoat, £210, and classic trousers with turn-ups, £225, by Pearce Florida, from Liberty, London W1 and Harrods, London SW1 (inquiries 0171-734 0123). Pearlsaid slingback shoes, £79.99, by Russell & Bromley (0171-499 2821). Necklaces and ring by Van Cleef and Arpels at Harrods (inquiries as before).

Pictures..... Philip North-Coombes Styling..... Belinda Morris Hair..... Chapla at Anthony Yacovine Make-up..... Monique

If you have ever studied the innovations catalogues that fall out of the Sunday papers, you must have wondered what on earth possessed anyone to invent the world's smallest umbrella, a whistling key-ring or a nose-hair trimmer.

But what about a gadget that makes it possible for bad back sufferers to pick something up off the floor, or help someone unsteady on their feet to take a bath in safety? They all feature in a catalogue which is doing a healthy trade in products, large and small, and which aims to solve problems.

Last October, Boots entered the world of aids for disabled and elderly people with its "Active and Independent" mail order service. For £1, you can buy from any Boots branch a lavishly illustrated 64-page brochure devoted to products that make life easier for those who might otherwise not be able to lift, grip, stand, walk, shop, or even get out of bed without effort.

Boots is among a handful of specialist firms offering everything from tap-turners for people with weak hands to powered wheelchairs. More than 6m adults in

Britain have at least one disability; nearly half of them are in that ever-expanding over-70s age group. Boots see its service as addressing a real need, "not just for the permanently disabled, but for the elderly, carers and those people who find certain everyday tasks difficult, regardless of physical health or age."

Best-selling products so far include a tablet organiser, a cup with two handles, gadgets to help with putting on tights and stockings, and a "helping hand" for picking up things that would otherwise be out of reach. John Darbyshire of Liverpool uses a "reacher". At 57, he suffers from arthritis in his neck, shoulders and arms, and he owns various aids, bought over the years from the Chester Care catalogue.

"My reacher folds up like a concertina, so you can put it in your pocket. It's very handy in the supermarket, too, to take things off the top shelves," he says.

Just what you've always wanted

Judith Gubbay discovers some really useful gadgets to solve some really niggling problems

Innovative Solutions

Below are just some of the new products now available.

■ Easygrip jar opener, instant hot water, rope ladder bed hold, expanding garden tool sets, and kettle fingers from Boots.

■ Superstrong bendable knives, forks and spoons, £8.95 each. The cutlery have handles that can be bent into the shape that is most comfortable to hold - a new product from Chester Care.

■ Martin Bathing - a light, compact piece of battery-operated equipment that allows you to get in and out of the bath without effort.

"People look amazed when they see me doing it." Other items Darbyshire has invested in include a folding walking stick and a gadget that fits round small handles to enable him to get a proper grip on them. Darbyshire is a member of

Companies. Tel: 01734-582031

■ Rise easy - a neat solution for people who cannot get out of bed (or out of a chair) easily - single bed version £85 from the Ways and Means catalogue. Tel: 0115-945 2945

■ Four-wheeled "Liberator" shopping trolley with a seat. Rise volunteers found this product ideal for anyone who usually walks with a stick and needs to take a rest from time to time. Available from J & C R Wood Tel: 01482-351 915

■ Lazy Tongs - a concertina-style reacher, £9.19, available from Chester Care Tel: 01823-757955

A panel set up by Rica, a research charity that tests equipment for elderly and disabled consumers. "We were amazed to discover how many people didn't know what was available in the way of commonly used aids, in spite of being in

touch with social services," says David Yelding, a director at Rica. "We had to meet that need before we tested anything. So we found a group of people with various disabilities and let them loose in Disabled Living Centres and

Keep Able stores to try things out. They were surprised to find that there was equipment that would help them - and delighted by how much difference it made to their lives once they had bought it," he says.

There are 40 Disabled Living Centres around the country which act as showrooms (and in some cases shops) for a range of products from a number of manufacturers. Keep Able, the UK's largest retailer of specialist products for elderly and "less able" people, operates a mail order catalogue as well as its five stores.

One of Keep Able's larger-scale best-sellers is the Gentle Lift Recliner, an armchair that can lift the user into a semi-standing position. It also sells hundreds of smaller items from bottle openers to cutlery. Along with Boots, Chester Care, Nottingham Rehab (with its "Ways and Means" catalogue), and a number of firms dedicated to making one or two products, Keep

Able can deliver an impressive selection of solutions to the often unglamorous problems of everyday life. Investing in this kind of equipment is less painful than you might expect: if it is designed solely for disabled people and bought by or for a disabled person, there is no VAT to pay.

Some of the products in the catalogues are also available in department stores and elsewhere - kneeling stools and other items designed for gardeners, for instance. Among the products Rica "guinea-pigs" tried out and liked were a mini-jug kettle that was lighter to lift than usual and a cooking basket like a chip basket that saves having to lift a saucepan of water when taking cooked vegetables out of the pan.

information about how to get them. Available from Rica, 2 Marylebone Road, London NW1 4DF, free with an A5 stamped, self-addressed envelope.

■ Disabled Living Centres Council, Tel: 0171-520 0567 for the address of your nearest DLC showroom.

■ Keep Able, Tel: 01893-679 426 for a catalogue or the address of your nearest store.

■ Nottingham Rehab Tel: 0115-945 2345 for Ways and Means catalogue.

■ Chester Care Tel: 01623-757955 for catalogue.

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Felix who? Well might you ask. It is all rather embarrassing really because I have never seen him play. Come to think of it, I have never even seen him. At least, I do not think I have but it is rather difficult to know because the biography of Felix Mantilla in the ATP Tour media guide is the only one without a photo.

What I can tell you is that Felix comes from Barcelona, that he will be 22 next month, that he is 5ft 10in tall, weighs 163lb and has suddenly appeared at No 16 on the ranking list, a rise of 68 places since the start of the year.

I can even tell you how he did it. Mantilla, who says clay is his favourite surface, won the Oporto tournament in the spring and has appeared in three other clay court finals. His only Grand Slam appearance has been at this year's French Open where he lost in the second round to Yevgeny Kafelnikov...but then so did everybody else...and Wimbledon, where he lost in the first round to Paul Haarhuis.

I can also tell you that Felix is pretty mad. Hoping mad, in fact. Why? Well, in spite of his ranking, he is not seeded at the \$10.5m US Open which begins at Flushing Meadows, New York, on Monday with equal prize money for men and women (the only Grand Slam to offer equality).

For the first time in my recollection the United States Tennis Association have had the courage - sorry Felix - the temerity, to stray from the men's ranking list in allocating the 16 seeding places. Like all the Grand Slams, they are entitled to do this but they might have spared a thought for Felix who finds himself in the draw with a first-round match against South Africa's Marcos Ondruska.

How would you feel? Probably the same as Richard Krajicek felt at Wimbledon when they ignored his ranking of 13 and left him out of the original seeding list. Remember what happened? The Dutchman spread egg over a lot of faces.

On known form, the USTA should not suffer the same fate. But you never know. Uppances have a nasty habit of coming when you least expect them. Other changes



Lindsay Davenport revealed a new belief in her ability to sustain rallies at breakneck speed without breaking down

US Open tennis / John Barrett

Felix: just not a cool cat

will raise eyebrows too. Michael Chang, ranked a career-high No 3 after winning tournaments in Washington and Los Angeles, has been promoted to No 2 behind Pete Sampras, the holder, at Thomas Muster's expense - the Austrian will not like that.

In spite of a season of failure (his dismal showing at the Olympic Games was a disgrace), Goran Ivanisevic, 8th in the rankings, has been raised to No 4, while fourth-ranked Yevgeny Kafelnikov, the French Open champion, is demoted to No 7 below Krajicek (6) and Andre Agassi (5). All this may be irrelevant if Kafelnikov's rib injury makes him a non-starter, as seems likely.

Another non-starter is fifth-ranked Boris Becker, not yet recovered from a wrist injury sustained at Wimbledon. A pity because

Becker has recovered his best for competition. Sampras and Agassi, last year's finalists, find themselves in opposite halves again. They will both appreciate that.

Agassi will have to button his mouth now the umpires have plucked up enough courage to do what they should have done long ago. The new Olympic champion was lucky not to have been defaulted against Wayne Ferreira in Atlanta and was on the brink again in Cincinnati before the axe fell last week in Indianapolis.

He could play the Wimbledon finalist Mark Woodhouse in the fourth round, with Thomas Enqvist (13) or Thomas Muster (3) as a likely quarter final opponent. All of this will be a test of Agassi's character. Let's hope the button holds.

The two direct British entries, Tim Henman and Greg Rusedski, both have reasonable draws. Henman faces the former champion Mats Wilander, who is past his sell-by date, and, if successful, would play either Doug Flach or a qualifier and then Todd Martin (14).

Rusedski meets Germany's Hendrik Drieschner, ranked 55, for the right to play either Rensko Furlan of Italy or the outstanding young Swede, Thomas Johansson.

The women's seeds follow the rankings precisely and the draw has thrown both Arantxa Sanchez Vicario (2) and Jana Novotna (7) in the top half with defending champion Steffi Graf (1). However, Graf will play only one of them, provided, of course she survives the challenges from the much-

improved Ai Sugiyama of Japan, Barbara Paulus of Austria (14) and either Mary Joe Fernandez (9) or Iva Majoli (5).

If Monica Seles (3) is to get to the final again as she did last year the naturalised American will have to be fitter than she was in Atlanta. There she was too slow to counter the attacking game of Jana Novotna.

This may be the year when the talented American Lindsay Davenport comes of age. Seeded No 6, she has an ideal draw with Conchita Martinez (4) as her prospective quarter-final opponent. Davenport's victory over Sanchez Vicario in the Olympic final revealed a new belief in her ability to sustain rallies at breakneck speed - without breaking down - always her weakness as the past.

Davenport is a new potent

force in the game. She has shed a few pounds and is much faster to the ball. This, together with the knowledge that her powerful groundstrokes can blast holes in the finest defences, has done wonders for her morale. Ask Graf. The German was Davenport's victim in Manhattan Beach last week, a 6-3 6-3 semi-final success for the American that was followed by a 6-2 6-5 win over Anke Huber in the final.

The other, greatly improved player is the pat-talking Japanese No 1, Kimiko Date (10), one of the three players who have beaten Graf this year. She should play Huber for the right to challenge Seles and might emerge in the semi-finals to face Davenport.

How good it is to see new faces appearing on the scene - even if I do not recognise them all. Sorry Felix.

US college sport / Michael Carlson

Less a question of degree

The gridiron season is about to begin in the US, with both the professional National Football League and the nominally amateur colleges pushing the autumn sport well into summer.

The NFL, as well as basketball's NBA, rely on the colleges to provide their talent, and hold annual drafts of college stars. But besides feeding players to the professional ranks, top US college sports are big attractions themselves.

Gridiron has always been the big college game. In fact, until television brought the NFL into the big time in the early 1960s, college football's big Saturday rivalries (Army-Navy, Ohio State-Michigan, even Yale-Harvard) and post-season Bowl games were the equivalent of rugby's Five Nations tournament, while the NFL was America's Sunday version of the pre-Murdoch rugby league.

American education reached out to the masses a long time before anyone thought of doing it in the UK. New state colleges saw sport, particularly football, as a means to renown and

respectability. Football attracted press attention, big local followings and made money. Winning teams also loosened alumni cheque-books.

In the 1920s, many football players earned a living moving from college to college, often playing under assumed names and collecting under-the-table payments. George Gipp of Notre Dame, portrayed on film by Ronald Reagan, was one. Pay is never mentioned in his famous deathbed scene with coach Knute Rockne (played by Pat O'Brien) - nor is the fact that Gipp caught pneumonia after passing out drunk in a South Bend, Indiana, blizzard.

The postwar boom in education, and the G.I. Bill, made some form of college available to 80 per cent of high school graduates - and all those colleges wanted to win and make money. The National Collegiate Athletic Association was formed to police college sport.

Nowadays, that policing is aimed at maintaining for its members the huge flow of profits from television and sponsorship deals while also ensuring they do not have to

pay the "student" athletes.

As tradition is sacrificed to profit, it is not surprising the players think increasingly like professionals. "Colleges are smart," basketball great Bill Russell once said. "They don't keep anyone around long enough to pay them big money."

Disgracefully few athletes actually finish college. Although there are strict academic rules, players are kept eligible for continued attendance through easy courses, nebulous summer school credits and, often, through outright fraud. In this way, they can spend up to five years at college.

Unlike English universities, however, graduate students and teaching assistants are not eligible for college sport. Rowing for Oxford in eight straight boat races is a feat unmatched even in the US.

Last year's college gridiron champions, Nebraska, graduated 58 per cent of their players, which is not far below the rate for all entering students. Yet, while most athletes do not drop out, they still do not get a diploma. Only 40 per cent of

Nebraska's black players graduate - and nearly a third of Nebraska's black students are there on athletic scholarships.

Then there are the non-sporting activities. Lawrence Phillips, Nebraska's star running back, was a top NFL draft pick; he is on probation for beating his former girlfriend. Eight other Nebraska players have police histories. Nationally, they are far from alone.

There are exceptions to the lack of academic achievement. Dallas Cowboys' star Emmitt Smith promised his mother he would get his degree when he left college early to sign professionally. He duly received one - in May.

Graduating does not always make a difference, anyway. Quarterback Bernie Kosar, who led Miami to a national collegiate title, finished his degree before he was left college early to sign professionally. He duly received one - in May.

Graduating does not always make a difference, anyway. Quarterback Bernie Kosar, who led Miami to a national collegiate title, finished his degree before he was left college early to sign professionally. He duly received one - in May.

Motoring / Stuart Marshall

The case for restraining children

Child murder makes big headlines; avoidable child deaths or serious injuries in road accidents do not, unless several are killed in a single crash.

Britain has a much better road safety record than most. Last year's 3,621 road deaths were the lowest since records began in 1926 when one-tenth the number of cars killed twice as many people. Drink driving continues on a

downward trend. Death and injury caused by road rage attacks horrify us but are so few and far between as to be statistically irrelevant. We could, though, do better, especially in protecting children.

The good news is that 4 per cent fewer children were killed or seriously injured on British roads last year than in 1994. The bad news is that preventable deaths continue. Many would have survived, or escaped injury, if the adults driving had been more responsible.

The law says, in effect, that all babies and young children must be properly restrained, which means strapping them into a safety

seat or on to a booster cushion. Remarkably, it is still legal to carry children unrestrained and unprotected in the backs of cars manufactured before 1978, when fitting rear seat belt attachment points became compulsory.

Last year, more than one child passenger died each week in a car crash and more than 1,000 were badly injured. Children under four are 10 times more likely to be killed if unrestrained, even in very low speed (under 35mph) collisions. Ninety per cent of all injuries could probably be avoided if child restraints were used properly.

Regrettably, they are not. A recent survey found that

up to one in five children travelling in cars is either completely unrestrained or in the wrong kind of seat for their age and weight.

School runs are particularly dangerous. Nearly 50 per cent of four to seven-year-olds are either fastened into unsuitable seats or are not sitting on booster cushions, especially when people other than their parents are taking them to school.

Mothers were found to be more safety-seat conscious than fathers. Both were better than grandparents, many of whom had their own children before seat-belt wearing was considered essential even for adults.

The survey was commissioned by Britax, Britain's

leading maker of car safety seats for children. Clearly, it has an interest.

But we have all seen horrific film clips of unrestrained dummy children being hurled like projectiles through the windcreens of cars. Fastening adult seat belts around four-year-olds in the back of a car is better than nothing, but not much. The belts designed for grown-ups run uncomfortably across children's necks, not their chests and shoulders.

The booster cushions my grandchildren ride on cost around £18 each. They let them see out of the car better and position the belt properly. They could be life savers.

She was the navigator from heaven. Speaking gently, she gave clear and concise instructions. "In 500 yards you will turn left." and a few seconds later "please turn left now." Back-up signs and symbols appeared on a small screen, perched on top of the fascia. Confirmation was comforting, but unnecessary.

It was, need I say, all done by electronics. The RAC patrol's Ford Transit I was driving was one of 10 fitted experimentally with Ford Navigation System, or FNS for short.

A CD-Rom holds details of through roads in a given area and detailed street maps of all cities with more than 50,000 inhabitants.

Cricket / John Perlman

The future looks bright with youth

Test cricket in the year 2002. At the Wanderers in Johannesburg, South African left-hander Ryan Sierra - having stroked his way to a stylish 50 - allows himself a little smile of recognition as the Pakistani captain tosses the ball to leg-spinner Imran Qadir, then concentrates hard on the exacting examination he knows is to come.

An ocean away, John Francis of England and Hampshire looks down the pitch at Calcutta's Eden Gardens, as India's vice-captain, Reetinder Sodhi - the brilliant all-rounder they call the new Kapil Dev - turns and begins his race to the wicket.

These four young cricketers were among the best performers at the Lombard World Challenge, a 10-country tournament which most people referred to as the under-15 World Cup. The first competition of this kind, it ended at Lord's on Tuesday with India beating Pakistan in an absorbing final. England, who lost to Pakistan, and South Africa, edged out in a thriller by India, were the beaten semi-finalists.

Part of the fun for those who watched the matches live - there were 8,000 at Lord's - or saw Sky's ball-by-ball coverage from the semi-final stage, has been to play the crystal ball game. Cricket lovers who saw Graeme "Thorpe" play for England under-15 in 1984, or watched Michael Atherton make runs for an English schools XI a year earlier, will always be able to say they saw them first.

Most observers were amazed at the past fortnight's standard of play. "The maturity and ability of the players has been way beyond my expectations," said former England and Kent all-rounder Bob Woolmer, now coach of South Africa, who was especially pleased at the quality of the spin bowling.

The tournament gave the young players an early taste of the ever-changing challenge that is top-level international cricket. "In this type of competition you face different types of bowlers, different atmospheres and different wickets," said Agha Zahid, the Pakistan coach. "These boys are at a stage where they learn very quickly and what they learn here will last forever."

But it should also have given coaches and administrators fresh ideas about how best to fulfil all the youthful promise. In putting together their 14-player squads, each country had difficulties to overcome.

In Pakistan, Zahid says, schools cricket is poorly resourced and hard to organise. One of England's concerns is to get more youngsters playing the game, especially in the cities - an inaugural Inner Cities Cup for under-16s, played at Arundel earlier this month, is a positive step.

Most countries held regional and national trials to choose their squads, but the Indians took a further step. After scrutinising boys over two years at the annual School Games Cricket week, they also ran a week of "open trials" for youngsters from less organised regions.

Four of the boys who played in the final emerged

through that process - including 13-year-old off-spinner Rajiv Jolly. Coach Sarfaraz Talwar believes three will play first-class cricket within a year.

The Indian captain, Reetinder Sodhi, was probably the tournament's outstanding player. An intelligent seam bowler, his 3-34 in the final made him the tournament's leading wicket-taker and an unbeaten 52 in India's knock steered his team to victory.

Talwar says the attitudes that welcomed Sachin Tendulkar into the Test arena at 15 should have Sodhi playing at that level before too long. "Whenever a boy is ready and mature enough, age is no barrier," he says. "Our tendency is to get them young. It is an Indian tradition."

But whereas everyone agreed that "good enough" should be old enough, the road from brilliant under-15 to Test cricketer by 2002 is going to vary from country to country. Zahid says four of his young Pakistanis - including batsman Faisal Iqbal, who is Javed Miandad's nephew - should be close to national squad selection in four years time.

'I think the national interest must come first and more people are seeing it that way'

On his return, though, Zahid plans to renew his plea for the top levels of the junior game to be brought under the control of the national cricket board. Moves in that direction have already been made in South Africa, where Woolmer sits on committees concerned with schools cricket and development.

"There is a lot of feedback from the junior level to the senior level," he says. "All these players are discussed at length and we hope not to lose them. I think the national interest must come first and more and more people are seeing it that way."

In English cricket, which is grappling with unifying its structures, David Lloyd, Woolmer's counterpart, does not seem to have any comparable influence. But Gordon Lord, England's under-15 coach, believes there is "a momentum for improvement" in the English game, which is reflected in the "growing number of younger players playing first class cricket."

Some question whether those youngsters should miss domestic games to play in age-level internationals, but Lord insists that both are important, and points out that what his players learned by facing Pakistan's Qadir could not be learned in normal fixtures.

"Nowhere in this country would you encounter a leg spinner turning the ball in that way," he says, adding that the tournament has given the England players "an insight into competition that some of them would have had to wait a great many years to see".

CD-Rom's digitised map and passed on as navigation instructions by speech and symbol.

Similar systems are in limited use on the Continent, in Japan and the US in luxury cars but not in commercial vehicles. Ford also hopes to bring the cost down so that company salesmen can drive Mondeos fitted with FNS. They would be directed swiftly and more safely from one call to the next.

The next stage will be to link-in data on road conditions, including motorway traffic flows, similar to that provided by Trafficmaster. Then, if there was a hold-up, a driver could be talked through an alternative route.

Vauxhall is to fit Trafficmaster's Oracle speech-based traffic information (though not full navigation) system to some up-market models next month. BMW and its UK subsidiary, Rover, are expected to be next.

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Independent Schools: FT 500

The FT 500 ranking of independent schools' A-level results appears for a fifth year. But you could be forgiven for failing to notice any changes from the first edition.

A reprise of the headlines from the last few years indicates the inevitability which seems to have built up around the domination of the table's upper reaches by a small group of highly selective and well-resourced schools, mostly in big cities.

In 1992, we said that "A Premier League is beginning to emerge". A year later, we announced that the "old powers remain at the top of the league". And so it has continued.

So, if you are a regular reader of this survey, the tables will make very familiar reading. This year's top school, St Paul's, finished in that position last year, and its average placing over the previous five years was first. Westminster, in second, and Winchester, in fourth, are both fixtures in the top five since the survey started, while North London Collegiate (fifth), Eton (sixth), and St Paul's Girls' (seventh) are all still in the top 10.

As league tabling has now established what everyone in education knew anyway - that well resourced and highly selective schools will always get the best exam results - it is now worth examining the rather subtler messages provided in the lower reaches of the tables. To help identify trends, and as a control against schools which are enjoying the fruits of one exceptional year's intake, the FT prints the average position attained by each school over the last five years. This is arguably more useful than the latest figures for this year's results.

On this basis, the Perse School in Cambridge is one of this year's top performers, in its highest ever place of third, compared with an average of 18th. Three girls' boarding schools - Redinnton, St Swithun's and St Mary's Ascot - have all had good years on this basis, while the Francis Holland School in London has managed a huge leap, ranking 30th against a five-year average of 270th.

Other schools to make upward shifts of more than 100 places include The Mount School in York, Queen's Gate, St Mary's Convent School in Worcester, Harrogate Ladies' College, York College for Girls and Queenswood.

These wide gaps in rankings can be misleading, as the difference between schools in the middle reaches of the tables is very narrow indeed. For example, if a school ranked about 260th were to increase its average A-level grades by one grade per pupil (from two Bs and a D to two Bs and a C), its ranking would rise by about 100 places to 160th.

Therefore, rather than be too concerned about difference in placings, it is worth looking at the FT score. This shows how a school compared with the average for all the schools in the survey, with the average performance equalling 1.00. On this basis, the 160th school



Looking for more passes: competition between schools is growing in all departments. Here, boys from King Edward's School, Birmingham, play their winter game

What do the tables really show?

John Authers and Simon Kuper question whether school leagues are assessing the right qualities

THE FT TOP THIRTY INDEPENDENT SCHOOLS

Rank	School	Town	County	5-yr rank	FT score	UCAS points /pupil	Boys	Girls	Type
1	St Paul's School	London	Greater London	1	1.66	37.4	31.31	Boys	Day
2	Westminster School	London	Greater London	2	1.49	37.1	31.31	Boys	Day
3	Perse School, Cambridge	Cambridge	Cambridgeshire	18	1.41	36.1	28.98	Boys	Day
4	Winchester College	Winchester	Hampshire	2	1.40	36.0	28.98	Boys	Day
5	North London Collegiate	London	Greater London	8	1.40	35.9	28.91	Girls	Day
6	Eton College	Windsor	Berkshire	4	1.40	34.7	28.91	Boys	Day
7	St Paul's Girls' School	London	Greater London	6	1.38	34.7	28.91	Girls	Day
8	Wycombe Abbey School	High Wycombe	Buckinghamshire	12	1.38	34.7	28.91	Girls	Day
9	Redinnton School	Redinnton	Wiltshire	14	1.38	34.7	28.91	Girls	Day
10	King's College School	Windsor	Greater London	10	1.37	34.6	28.91	Boys	Day
11	St Swithun's School	Winchester	Hampshire	46	1.37	34.6	28.91	Boys	Day
12	St Mary's School	Bolton	Lancashire	18	1.37	34.6	28.91	Girls	Day
13	Harrogate Ladies' College	Harrogate	West Yorkshire	19	1.36	34.6	28.91	Girls	Day
14	Hebrews' School	South Ascot	Berkshire	47	1.36	34.6	28.91	Girls	Day
15	St Mary's School	Bolton	Lancashire	18	1.36	34.6	28.91	Girls	Day
16	Wycombe Abbey School	High Wycombe	Buckinghamshire	12	1.36	34.6	28.91	Girls	Day
17	Redinnton School	Redinnton	Wiltshire	14	1.36	34.6	28.91	Girls	Day
18	King's College School	Windsor	Greater London	10	1.36	34.6	28.91	Boys	Day
19	St Swithun's School	Winchester	Hampshire	46	1.36	34.6	28.91	Boys	Day
20	St Mary's School	Bolton	Lancashire	18	1.36	34.6	28.91	Girls	Day
21	Harrogate Ladies' College	Harrogate	West Yorkshire	19	1.36	34.6	28.91	Girls	Day
22	Hebrews' School	South Ascot	Berkshire	47	1.36	34.6	28.91	Girls	Day
23	St Mary's School	Bolton	Lancashire	18	1.36	34.6	28.91	Girls	Day
24	Wycombe Abbey School	High Wycombe	Buckinghamshire	12	1.36	34.6	28.91	Girls	Day
25	Redinnton School	Redinnton	Wiltshire	14	1.36	34.6	28.91	Girls	Day
26	King's College School	Windsor	Greater London	10	1.36	34.6	28.91	Boys	Day
27	St Swithun's School	Winchester	Hampshire	46	1.36	34.6	28.91	Boys	Day
28	St Mary's School	Bolton	Lancashire	18	1.36	34.6	28.91	Girls	Day
29	Harrogate Ladies' College	Harrogate	West Yorkshire	19	1.36	34.6	28.91	Girls	Day
30	Hebrews' School	South Ascot	Berkshire	47	1.36	34.6	28.91	Girls	Day

has a score of 1.10 (10 per cent better than the average), while the 260th scores 0.99 (1 per cent below).

The ranking system is particularly cruel for the schools at the bottom of the table. Fyning Hall in Whitley, North Yorkshire came 480th. So does this necessarily mean that the school did a poorer job of teaching its pupils than those ranked higher?

Michael Bayes, the school's new head, gives two reasons why it does not. First, the school has a liberal policy on admitting pupils to its sixth form, accepting GCSE results which would definitely be turned down by the likes of St Paul's. Of Fyning Hall's 13 A-level entrants this year, one had failed all her GCSEs, another passed only two, and the remaining 11 students only managed four GCSE grade As between them.

Had the table recorded the improvement in pupils' exam performance over their sixth form, therefore, the school's A-level results would have looked better. Such improvements are notoriously difficult to measure. The government is examining fair ways of measuring it and Labour is also committed to introducing "value-added" measures.

According to Bayes: "Clearly our position in the table would have been radically different if we had specified conventional entry requirements of at least four GCSEs with at least a grade B in your chosen A-level subject."

He adds that the school's policy is to allow pupils to attempt A-levels even if it is clear they will fail. "I know from my experience in other schools that this policy is somewhat unusual these days since the advent of

league tables." Such claims are being made with increasing frequency: this week it was alleged that schools were withdrawing pupils from GCSE exams so that their poor results would not damage the school's league table standings. This would plainly be manipulation, and a tactic not in the best interests of the children.

The "value-added" aspect is also emphasised by Manchester Grammar School, traditionally one of the nation's academic powerhouses, which has had a poor year by its own high standards, falling to 40th from an average five-year position of 8th.

Martin Stephen, its high master, says: "League tables are a complete waste of time because they show very little that is worth showing. The key element is the value

added element. We are a very selective independent school so it would be surprising if we did not do well."

He added that this year's results, with only 75 per cent gaining A or B grades, down from 79 per cent last year were "middling" by the school's high standards.

His views reflect a strong consensus in education that value-added tables, if they can be made to work, are the most valid measurement of schools' success.

But like Bayes, he also complains that the tables are open to manipulation: "We are being penalised for insisting that our pupils do not need more than three A-levels. If MGS made the top quarter of its boys take a fourth A-level, at a stroke of a pen I could place us first in the table."

The issue of manipulation has grown because league

tables have stimulated competition between schools. The issue is further complicated by strong competition between different league table compilers.

Several national newspapers now compile their own tables from the results supplied to them by the Independent Schools Information Service (ISIS), and some also compile their own figures for state schools. In November, the government will publish its own figures for all schools in both sectors, which normally give rise to further league tabling exercises.

The newspapers are mostly using the same figures, but they often arrive at different rankings. This can be confusing for parents, who are tempted to draw their own conclusions from the different rankings.

The FT 500 ranking is more complicated than its rivals, but it has been designed to be as proof

against manipulation by schools as possible. It is based on UCAS points, the standard gauge used for university entrance purposes, where 10 points are awarded for a grade A, eight for a grade B and so on.

This means that all grades count towards a school's table performance. Some tables are based merely on the proportion of entries gaining an A or B, thus ignoring the great teaching skill that can go into getting a candidate a C who might otherwise have struggled to get an E. As a C grade is sufficient to gain entry to many prestigious universities, it seems fairer to use this basis of calculation.

UCAS points are used to compute two measures: points per entry (the average point score per each exam entered, with a maximum possible score of 10), and points per pupil (the average total points accumulated by each pupil across all subjects, with scores of more than 30 a possibility). The points per entry is multiplied by three and added to the points per pupil to produce the FT score, which is then used as the basis for the ranking.

Either measure on its own would be open to manipulation. A school could boost points per entry by reducing the number of subjects its pupils attempted, or by drawing them from exams where they were obviously going to do badly. To improve points per pupil, it could do the opposite, and enter all pupils for four subjects.

Neither of these approaches will successfully alter a school's position in the FT 500.

If comparisons of English schools are contentious, in Scotland they are almost

impossible. Scottish schools are included for the first time this year, but have a totally different examination system from that in use south of the border. It is generally highly respected by the English educational establishment, and bears closer similarities to continental baccalaureates or American high school diplomas, both of which require a breadth of knowledge, as opposed to English A-levels which encourage specialisation.

"Highers" form the backbone of the system. Students normally take four or five subjects (more than in England and Wales) and can take either one-year courses with exams at the end of the Scottish fifth year (equivalent to the lower sixth) or two-year courses (known as Sixth Year Highers). Various combinations are possible.

The norm used to be to move on to university immediately after the fifth year. As the preference grew to spend an extra year at school, a further qualification, the Certificate of Sixth Year Studies, was introduced to complement Fifth Year Highers. Many Scottish independent schools now also offer A-levels, as English universities tend to understand them better than Highers.

There is much to be said for the Scottish mixed economy of qualifications, but it makes meaningful comparisons of results difficult, if not impossible. With the exception of Gordonstoun, which offers only A-levels, all Scottish schools are listed separately from those in England and Wales. The FT has made no attempt to rank them, as there is too much room for controversy over the relative worth of the qualifications on offer.

Instead, we print the results for Fifth and Sixth Year Highers and A-levels for each school. Where a school had fewer than 10 entries for a given qualification, it has not been listed.

Finally, the figures for five schools, all asterisked, include their results for the International Baccalaureate, a qualification similar to A-levels but which requires greater breadth, with a compulsory short thesis and a paper in the theory of knowledge. These have been converted into A-level points using an agreed formula.

How to read the tables

All schools are ranked on a single scale from 1-481. The five-year rank is based on an average of each school's results for 1991, 1992, 1993, 1994 and 1995. In the FT score, 1.00 represents the average for all schools with a score above 1.00 achieved higher-than-average results; those with a score below 1.00 achieved less-than-average results. UCAS points are based on the UCAS system - for A-levels: grade A = 10 points; grade B = 8 points; grade C = 6 points; grade D = 4 points; grade E = 2 points; grade F = 1 point.

A score of 1.00 equates to about 20 UCAS points, or about a B and two Cs at A-level per pupil. The top schools' scores of around 1.48 correspond to about 31.3 points, or better than three As per pupil.

Schools that offer the International Baccalaureate are marked with an asterisk. * Rankings and scores are all based on an average of a school's UCAS points per entry and its UCAS points per pupil, which have all been equally weighted. All details are provisional and subject to correction by the Independent Schools Information Service.

Independent Schools 1996 A-level Results

Rank	School	Town	5-yr rank	FT score	Passes /pupil	UCAS points /pupil	UCAS points /entry
9	Redinnton School	Bristol	52	1.38	3.38	8.6	28.3
106	Bath High School	Bath	90	1.18	8	7.5	23.3
236	Bristol Cathedral School	Bristol	292	1.02	8	6.7	21.3
97	St George's School	Bristol	73	1.17	3.08	7.5	23.6
190	Cilton College	Bristol	148	1.07	3.02	6.8	21.8
88	Cilton High School	Bristol	162	1.21	3.23	7.7	24.5
321	Colston's Collegiate School	Bristol	423	0.78	2.7	5.2	16.2
414	Colston's Collegiate School	Bristol	312	0.93	2.85	6.1	18.4
321	Colston's School	Bath	225	0.94	2.84	5.4	16.9
380	Downside School	Bath	152	1.11	3.11	7.2	22.2
147	King Edward's School	Bath	329	1.01	3.08	6.5	20.3
251	Kingwood School	Nr. Bath	291	0.93	2.89	6.1	18.5
320	Marlton Convent School	Bath	316	0.95	2.92	6.7	19.5
371	Prior Park College	Bath	155	1.04	3.04	6.8	21.0
222	Queen Elizabeth's Hospital	Bristol	99	1.13	3.25	7.8	23.0
133	Red Martin School	Bristol	164	1.15	2.88	7.5	22.8
116	Redwell Hall School	Bath	401	0.86	2.87	5.8	18.7
388	Redwell Hall School	Bath	401	0.86	2.87	5.8	18.7
287	St Mary's School	Wincoburn	345	0.97	2.77	6.4	19.8
County Average				1.04	3	6.6	20.8

Independent Schools 1996 A-level Results

Rank	School	Town	5-yr rank	FT score	Passes /pupil	UCAS points /pupil	UCAS points /entry
412	Pipers Corner School	High Wycombe	409	0.79	2	5.9	13.4
114	St Mary's School	Gerrards Cross	422	1.15	3.08	7.4	23.2
301	Stowe School	Buckingham	255	0.95	2.91	6.2	18.9
5	Wycombe Abbey School	High Wycombe	12	1.38	3.25	8.7	28.1
County Average				1.07	2.81	7	20.9

Independent Schools 1996 A-level Results

Rank	School	Town	5-yr rank	FT score	Passes /pupil	UCAS points /pupil	UCAS points /entry
152	Austin Friars School	Carlisle	302	1.11	3.07	7.3	21.8
248	Casterton School	Kirkby Lonsdale	459	1.01	2.95	6.8	20.1
189	Sedburgh School	Sedburgh	257	1.07	3.1	8.6	21.8
370	St Anne's School	Widmeres	371	0.85	2.89	5.5	17.0
224	St Bees School	St. Bees	340	1.05	2.96	6.7	20.5
County Average				1.02	3.01	6.8	20.26

Independent Schools 1996 A-level Results

Rank	School	Town	5-yr rank	FT score	Passes /pupil	UCAS points /pupil	UCAS points /entry
104	Dorset High School	Dorset	180	1.17	3	7.6	23.0
433	Mount St Mary's College	Spinkhill	359	0.73	2.69	4.7	14.6
172	St Elphinstone's School	Derby	177	1.2	3.12	7.4	23.2
292	Trent College	Mallock	332	1.09	3.38	8.9	25.2
County Average				1.04	3.14	6.5	20.3

INDEPENDENT SCHOOLS: FT 500

Independent Schools 1996 A-level Results

Rank	School	Town	5-yr rank	FT score	Passes /pupil	UCAS points /pupil	UCAS points /pupil
136	Brighton & Hove High	Brighton	57	1.13	3.27	7.1	22.9
138	Brighton College	Brighton	127	1.08	3.05	6.8	21.3
140	Eastbourne College	Eastbourne	175	0.96	2.85	6.2	19.1
142	Mayfield College	Mayfield	400	0.62	1.73	4.3	11.5
144	Marine School	Eastbourne	275	1.03	3.0	6.8	20.7
146	Marine School	Eastbourne	447	0.5	1.2	3.2	10.0
148	Marine School	Eastbourne	50	1.29	3.48	7.9	25.8
150	St Bede's School	Halsham	438	0.81	2.66	5.2	18.4
152	St Leonard's School	Mayfield	140	1.04	3.08	6.5	21.3
154	St Mary's Hall	Brighton	412	0.8	2.58	5.3	16.4
	County Average			0.82	2.79	5.9	18.40
156	Barnard's School	Woodford Green	126	1.2	3.29	7.5	24.7
158	Barnard's School	Woodford Green	173	1.1	3.24	6.9	22.9
160	Chigwell School	Chigwell	142	1.11	3.12	7	22.7
162	Felsted School	Dunmow	197	1.08	3.15	6.9	22.3
164	Friends School	Chalfont St Giles	430	0.61	2.06	5.4	17.5
166	New Hall School	Chalfont St Giles	283	0.89	2.83	6.3	19.5
168	Park School for Girls	Wotton	281	1.01	2.78	6.7	19.5
	County Average			1.04	3.06	6.7	21.00
170	Cheltenham College	Cheltenham	149	1.05	3.14	6.7	21.3
172	Cheltenham Ladies' College	Cheltenham	24	1.33	3.24	8.4	27.2
174	Dean Close School	Cheltenham	107	1.18	3.25	7.1	24.8
176	King's School	Gloucester	308	0.92	2.7	6.1	18.8
178	Rendcomb College	Cheltenham	367	0.77	2.35	5.1	15.0
180	St Edward's School	Cheltenham	386	0.67	2.75	6.4	18.8
182	Weston's School	Tetbury	384	0.65	2.65	6.3	18.4
184	Wycliffe College	Stow-on-the-Wold	331	0.95	2.85	6.3	18.4
	County Average			1	2.9	6.5	20.10
186	Alley's School	London	178	1.12	3.18	7.1	22.9
188	Barnet School	Barnet	456	0.75	2.25	5	14.5
190	Blackheath School	Blackheath	482	0.53	2	3.6	10.1
192	Blackheath School	Blackheath	159	1.03	3.15	6.1	18.4
194	Brookwood School	London	145	1.04	3.18	6.8	21.0
196	Channing School	London	19	1.22	3.27	6	24.2
198	City of London School	London	31	1.23	3.44	7.6	24.8
200	City of London School for Girls	London	38	1.17	3.1	6.4	20.5
202	City of London School	London	247	1.01	3.22	6.3	20.8
204	Croham Nurseries School	South Croydon	256	1.05	3	6.9	20.9
206	Croham Nurseries School	South Croydon	60	1.2	3.35	7.5	24.8
208	Croham Nurseries School	South Croydon	12	1.31	3.21	7.5	24.8
210	Croham Nurseries School	South Croydon	417	0.88	2.59	5.5	15.3
212	Erasmus School	London	84	1.14	3.17	7.2	23.3
214	Erasmus School	London	381	0.87	2.7	6	18.4
216	Erasmus School	London	217	0.93	2.91	6	18.4
218	Erasmus School	London	112	1.12	3.18	7.2	23.2
220	Erasmus School	London	272	1.29	3.33	6.1	18.4
222	Erasmus School	London	22	1.31	3.35	8	24.8
224	Erasmus School	London	485	0.81	2.85	6.3	18.2
226	Erasmus School	London	133	1.05	3.55	8.3	22.2
228	Erasmus School	London	48	1.21	3.58	7.5	24.2
230	Erasmus School	London	213	0.97	2.9	6.1	18.4
232	Erasmus School	London	176	0.91	2.5	5.9	18.2
234	Erasmus School	London	103	1.18	3.15	7.4	23.1
236	Erasmus School	London	324	0.86	2.7	6.7	17.0
238	Erasmus School	London	27	1.28	3.59	8.1	25.0
240	Erasmus School	London	188	0.99	2.85	6.4	18.6
242	Erasmus School	London	262	1.11	2.86	7.5	21.7
244	Erasmus School	London	10	1.3	3.6	8	24.8
246	Erasmus School	London	229	1.03	2.95	6.7	20.5
248	Erasmus School	London	113	1.17	3.17	7.5	23.6
250	Erasmus School	London	85	1.05	3.1	6.4	20.5
252	Erasmus School	London	11	1.19	3.08	7.8	23.9
254	Erasmus School	London	242	0.89	2.85	5.7	17.9
256	Erasmus School	London	188	0.97	2.85	6.1	18.4
258	Erasmus School	London	407	0.74	2.6	5.7	14.9
260	Erasmus School	London	4	1.4	3.48	8.7	29.0
262	Erasmus School	London	238	0.94	2.85	6.2	18.0
264	Erasmus School	London	70	1.23	3.51	8.1	25.1
266	Erasmus School	London	63	1.15	3.01	7.5	22.7
268	Erasmus School	London	139	1.1	3.45	7.9	23.3
270	Erasmus School	London	135	1.15	3.59	7.7	23.3
272	Erasmus School	London	285	0.87	2.85	6.3	18.2
274	Erasmus School	London	384	0.7	2.57	5.9	15.3
276	Erasmus School	London	420	0.82	2.79	5.2	15.5
278	Erasmus School	London	33	1.17	3.55	7.9	23.3
280	Erasmus School	London	10	1.25	3.58	8.1	25.1
282	Erasmus School	London	288	0.94	2.87	6.1	18.8
284	Erasmus School	London	295	0.94	2.78	6.1	18.4
286	Erasmus School	London	73	1.2	3.07	7.9	23.6
288	Erasmus School	London	228	1.16	3.22	7.3	23.4
290	Erasmus School	London	191	0.98	2.6	5.7	17.5
292	Erasmus School	London	6	1.39	3.23	8.8	28.4
294	Erasmus School	London	1	1.48	3.85	9.7	31.3
296	Erasmus School	London	287	0.89	2.8	6.7	17.8
298	Erasmus School	London	165	1.11	3.1	7.1	22.4
300	Erasmus School	London	140	1.27	3.21	8.1	25.6
302	Erasmus School	London	261	0.86	2.77	6.4	18.5
304	Erasmus School	London	150	1.14	3.25	7.2	23.4
306	Erasmus School	London	28	1.26	3.97	8.3	26.8
308	Erasmus School	London	3	1.46	3.83	9.7	31.3
310	Erasmus School	London	127	1.07	3.1	7.1	22.4
312	Erasmus School	London	39	1.16	3.27	7.5	23.1
	County Average			1.06	3.05	6.9	21.80
314	Erasmus School	Manchester	322	0.57	1.67	3.9	10.8
316	Erasmus School	Manchester	189	0.86	2.35	6.7	15.2
318	Erasmus School	Manchester	8	1.27	3.17	6	25.7
320	Erasmus School	Manchester	51	1.21	3.12	7.7	24.5
322	Erasmus School	Manchester	263	0.82	2.62	6.4	18.8
324	Erasmus School	Manchester	347	0.7	2.5	5.4	15.0
326	Erasmus School	Manchester	17	1.31	3.07	8.5	26.0
	County Average			1.01	2.7	6.7	19.70
328	Erasmus School	Southampton	403	0.57	2.2	5	14.5
330	Erasmus School	Petersfield	130	1.02	2.94	6.8	20.1
332	Erasmus School	Petersfield	292	1.03	2.93	6.7	20.1
334	Erasmus School	Petersfield	478	0.7	2.1	5.4	15.0
336	Erasmus School	Petersfield	168	1	2.77	6.6	18.8
338	Erasmus School	Petersfield	78	1.23	3.1	7.9	24.7
340	Erasmus School	Petersfield	288	0.96	2.83	6.3	18.9
342	Erasmus School	Petersfield	280	0.77	2.17	5.4	15.0
344	Erasmus School	Petersfield	92	1.17	3.3	7.4	23.0
346	Erasmus School	Petersfield	32	1.2	3.16	7.8	23.8
348	Erasmus School	Petersfield	362	0.83	2.85	6	17.5
350	Erasmus School	Petersfield	11	1.37	3.11	8	24.8
352	Erasmus School	Petersfield	481	0.44	1.28	3.8	9
354	Erasmus School	Petersfield	2	1.4	3.47	8.5	29.3
	County Average			0.98	2.79	6.4	18.30
356	Erasmus School	Worcester	109	1.05	3.14	6.5	21.0
358	Erasmus School	Bromsgrove	374	0.91	2.85	6.5	20.4
360	Erasmus School	Bromsgrove	116	1.1	3.25	7.4	23.2
362	Erasmus School	Worcester	144	1.06	2.95	6.8	20.8
364	Erasmus School	Worcester	132	1.2	3.84	6.9	20.4
366	Erasmus School	Worcester	33	1.26	3.38	7.9	23.5
368	Erasmus School	Worcester	101	0.98	2.64	6.1	18.8
370	Erasmus School	Worcester	383	0.8	2.68	5.5	15.1
372	Erasmus School	Worcester	357	1.18	2.82	7.7	23.2
	County Average			1.05	3.16	6.8	21.50
374	Erasmus School	Worcester	109	1.05	3.14	6.5	21.0
376	Erasmus School	Worcester	374	0.91	2.85	6.5	20.4
378	Erasmus School	Worcester	116	1.1	3.25	7.4	23.2
380	Erasmus School	Worcester	144	1.06	2.95	6.8	20.8
382	Erasmus School	Worcester	132	1.2	3.84	6.9	20.4
384	Erasmus School	Worcester	33	1.26	3.38	7.9	23.5
386	Erasmus School	Worcester	101	0.98	2.64	6.1	18.8
388	Erasmus School	Worcester	383	0.8	2.68	5.5	15.1
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	County Average			1.05	3.16	6.8	21.50
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422	Erasmus School	Worcester	101	0.98	2.64	6.1	18.8
424	Erasmus School	Worcester	383	0.8	2.68	5.5	15.1
426	Erasmus School	Worcester	357	1.18	2.82	7.7	23.2
	County Average			1.05	3.16	6.8	21.50
428	Erasmus School	Worcester	109	1.05	3.14	6.5	21.0
430	Erasmus School	Worcester	374	0.91	2.85	6.5	20.4
432	Erasmus School	Worcester	116	1.1	3.25	7.4	23.2
434	Erasmus School	Worcester	144	1.06	2.95	6.8	20.8
436	Erasmus School	Worcester	132	1.2	3.84	6.9	20.4
438	Erasmus School	Worcester	33	1.26	3.38	7.9	23.5
440	Erasmus School	Worcester	101	0.98	2.64	6.1	18.8
442	Erasmus School	Worcester	383	0.8	2.68	5.5	15.1
444	Erasmus School	Worcester	357	1.18	2.82	7.7	23.2
	County Average			1.05	3.16	6.8	21.50
446	Erasmus School	Worcester	109	1.05	3.14	6.5	21.0
448	Erasmus School	Worcester	374	0.91	2.85	6.5	20.4
450	Erasmus School	Worcester	116	1.1	3.25	7.4	23.2
452	Erasmus School	Worcester	144	1.06	2.95	6.8	20.8
454	Erasmus School	Worcester	132	1.2	3.84	6.9	20.4

PROPERTY

Beef crisis keeps agents waiting

Farming profitability appears to be the real key to land prices, writes Anne Spackman

When the BSE crisis erupted in March the news was dominated by pictures of empty livestock markets and anxious beef farmers. If the cameras had switched to Herefordshire they would have discovered that at the same time several farmers were engaged in competitive bidding for a 400-acre dairy and arable farm, pushing the price up to more than £3,000 an acre and greatly exceeding the £1.5m guide price.

This was not a simple case of short-sightedness. Prices for farmland have continued to rise throughout 1996 despite the beef crisis. In the first six months of the year they were up 10 per cent, following a rise of 25 per cent in 1995.

In the arable sector the rises are even more dramatic. Prime arable land was up 37 per cent last year, according to Savills agricultural research. It has doubled in value since Britain left the ERM in the autumn of 1992, topping £4,000 an acre in the eastern counties this summer.

Cash-rich farmers have taken the view that high subsidies and high wheat prices justify such expensive purchases. The fact that beef farmers were being hit by a collapse in sales, while those for whom personally, did not alter the equation. Now, it may be about to.

The European Commission has proposed that arable subsidies be cut by 7 per cent and set aside by 27 per cent in order to fund the compensation package for farmers hit by BSE. The net effect for the average farmer is likely to be a cut of 10 per cent in subsidies. The beef crisis may not have burst the farm price bubble initially, but it might yet be the cause of some deflation.

Charts of farmland price movements since the early 1970s resemble a range of

'BSE is going to cost a great deal more than first anticipated'

mountains, with peaks in the mid and late 1980s. At the moment the range finishes on a sharp rise. The question now is when that rise will stop.

Some think it already has. Agents who act primarily for buyers rather than sellers say they are noticing a reluctance to chase prices up to £3,500 an acre and above. They may simply be trying to talk the market down on behalf of their clients. But there are strong arguments to support their position.

Andrew Jones of Glegg Kennedy Drew predicts that prices will fall by between 30 and 25 per cent over the next two years, settling at around £2,750 an acre. "It is inevitable that we will see a reduction in support," he says. "In future it will be tied to more ecologically sensitive forms of farming."

"The prime stuff - as with the housing market - may not be hit so hard, but the lower grade farms, which in the last six to eight months have attracted higher prices, will see falls."

"There has been an awful lot of roll-over money around this summer. I fear things will start to peak towards the autumn. The tone of the market is changing at the moment. We are starting to encounter resistance to prices."

William Gething of Property Vision is of a similar view. "BSE is going to cost a great deal more than first anticipated," he says. "That has to be paid for by arable farmers receiving less aid."

"The underlying value of

farmland is the return it gives. At £2,000 an acre, the return is likely to be around 4.3 per cent. That is not a great figure. If subsidies fall, returns will come down further and land prices are bound to come down too."

Gething warns against extrapolating farmland prices from sales of country estates rather than pure farms.

The market in pure farms is being driven by farmers, rather than investors, buying nearby parcels of land which they can work without increasing their fixed costs. To assess the competition for any farm, agents can draw a circle around it with a five-mile radius and be confident that everyone who comes inside the circle is a potential bidder.

This buoyant, commercially sound demand, coupled with the growing world market for wheat in increasingly affluent south-east Asia, are the factors most commonly cited by those who believe today's steep rises do not mean a fall.

Tony Morris-Eyton of Knight Frank agrees that subsidies will gradually be reduced in the long term, more as a result of Gatt than Cap reform. He argues, however, that farmers know this and can plan their finances accordingly.

"Pre-election, nothing will change," he says. "Competition will continue to drive up the market. The election could well be a turning point. Prices will not fall dramatically but we will see a period of consolidation, with land prices settling at around £2,750 an acre."

"The differentials which are disappearing in today's rising market will return, with good quality land with irrigation retaining its premium."

Strutt and Parker are also confident that the doom-mongers have got it wrong. James Laing points out that in real terms land is still



Chewing the cud thoughtfully: but it is not all doom and gloom for livestock or their owners

cheaper than it was in 1986, leaving room for further price rises. And the competition to buy has never been more fierce. "We have a staggering response to almost every farm we bring on to the market," he says. "We have sold more acres in the last three months than we have ever sold in such a period."

"It wouldn't surprise me if prices went up another 10 per cent. I won't start getting worried about arable land prices coming down until we see a serious dip in income."

Both the optimists and pessimists agree that the key to land prices is profitability. Jim Ward, head of Savills agricultural research, says

that despite the huge rise in land prices, they have not kept pace with the rise in profits. "Farmers have been seeing returns of 6 per cent over the last three years compared with a norm around 4.5 per cent," he says.

A month ago he was expecting prices to continue to rise over the remainder of 1996. Now, however, the predicted falls in arable area payments, coupled with the recent slide in cereal prices,

have persuaded him that the future direction of prices is broadly downwards.

He expects a fall of 10 per cent in the value of arable land by the end of 1997 and a fall of 15 per cent over the next three years. Only potato-growing areas in the eastern counties are likely to stay firm. "For livestock land the peak of the market has probably passed," says Ward. "In the other sectors we are close to the peak now."

On the Move

Boom time in the city

The most buoyant development area in central London is the southern section of the borough of Westminster. Nearly 1,000 homes are in the pipeline in the SW1 and SW7 districts around Victoria, Pimlico and Millbank.

This activity is due to the availability of development land created from former hospital, warehouse and office sites. A typical scheme was Fairbairn's conversion of the former Westminster Children's Hospital on Vincent Square into 59 apartments. Berkeley Homes is also active, building 43 apartments on the river near Dolphin Square.

Barratt has just announced its purchase of Bishop's Depository, the former furniture warehouse on Belgrave Road. It plans to build 60 one and two-bedroom apartments with underground parking, with prices starting at £135,000.

Does all this development signify an up-and-coming residential district, or does it suggest the danger of over-supply?

When questioned for London Residential Research's comprehensive development survey earlier this year, a number of estate agents and developers expressed concern about the area's ability to absorb so many new projects so fast. They feared the area around Vincent Square was not a sufficiently established private sector residential location.

Many of the developments sold, such as St George's scheme in King George Square, have been aimed at the overseas investment market, with success. But will UK buyers find the developments equally attractive?

There is evidence to suggest the answer is yes. Ian

Marris of Knight Frank's residential development team believes developers are switching their focus towards UK customers. He says that with more UK buyers looking for new property, the location is becoming less important. The area still has the drawback of relatively poor communications, with only two tube stations at Victoria and Pimlico. That, coupled with a lack of tradition and architecture, look likely to keep prices lower than in neighbouring prime areas.

But demand for central London property may counter-balance any fears of over-supply. Latest figures from the Department of the Environment point to a shortfall of at least 80,000 homes in the 11 inner London boroughs over the next decade. Schemes which have tested the market - such as St George's - suggest that new supply generates its own demand. In that context 954 new homes scarcely looks like a glut.

Three interesting country properties: The Old Workhouse at Throsway Forest near Faversham in Kent is what it says. In brick and claspboard, it is listed grade II and Strutt & Parker (01227-451123) are asking £260,000.

Leigh Farm near Ashton Keynes in Wiltshire is six miles from Cirencester. Also grade II, it is an old farmhouse in Cotswold stone and has 18 acres and 14 loose boxes. At £430,000, Butler Sherborn (01983-823325).

Bonnetts Farm at Capel in Surrey is a handsome half-timbered and brick house of around 1600, listed grade II*, and comes with 82 acres. £875,000. Knight Frank (01483-966171). Gerald Cadogan



Subterranean bungalow: the garden on the roof will become the main feature, instead of the hidden brickwork

Underground market

Rosalind Russell discovers a new and eccentric line in housing

Robert Russell is a conventional man. He builds conventional houses, such as a top-of-the-market, Georgian-style development in landscaped gardens in Ascot which sold briskly.

A scheme of 28 retirement cottages in another corner of the home counties was equally popular. When a planning application to build a traditional house on a plot in Farnham Common, Buckinghamshire, was turned down on appeal, he was surprised but not defeated.

The two-bedroom bungalow will be built on the quarter-acre site, but all anyone driving by will see is a double garage. The rest of the house will be 10ft underground. "We didn't set out to be eccentric," says Russell, "although it will be fun to build. I would much rather have built a conventional house on the site."

The plot is a large one in a residential street, with 1930s houses to one side and early 1980s homes on the other. Somehow it was left undeveloped. The neighbours liked

it that way and protested vigorously when a planning application was first sent in. "I can't blame them," says Russell. "I would feel the same. It's a natural thing to do. They had got used to a nice big space being there. It was a touch of Not In My Back Yard. So the planners said a house would harm the elevation of the street."

The underground bungalow will not make a blip on the flat line of the elevation, although the garage and access lobby will. It will have a garden on the roof, which will need mowing instead of tiling, and another sunken garden, 28ft by 18ft, 8ft below and tucked into the elbow of the L-shaped house.

With so few opportunities to show off fancy brickwork, the gardens will be designed to compensate. Consent has been won at local level and as soon as amendments have been approved, work is expected to begin.

But will it be like living in a bunker? Russell claims not. There will be windows on the walls on the inside of

the L and some ceiling windows will bring sunshine to the bedrooms.

Special waterproofing will keep out damp, there will be conventional gas central heating and insulation is likely to be better than in an ordinary house. Ceiling heights will accommodate the tallest of buyers: the entrance staircase should provide no more than normal hazards for a furniture removal team. The sitting room is planned as a respectable 20ft by 18ft; there will be two double bedrooms, a dressing room, dining room, kitchen and study.

Underground homes are not new, but they are rarely found in the home counties. They are more likely to be tucked into rural hillside where conservation demands minimal domestic intrusion and mild eccentricity is tolerated.

In theory, say the planners cautiously, there is no reason why you cannot - with permission - excavate your own suburban garden to build a granny annexe

(although granny may object). It would have to integrate with the property.

"In certain circumstances, it is a solution," says a South Buckinghamshire planning official. "An underground house avoids the physical impact of development."

"It is not," he stresses, "a smart way round the Green Belt restrictions."

"People have tried to use them to overcome Green Belt policy, but they are clearly not an exception. Permission is still needed."

Apart from people's reluctance to live like a rabbit, the increased cost of building underground has deterred price-sensitive builders. Nevertheless, selling agent Trevor Kent is confident of finding a buyer prepared to pay £300,000 for the house when it is completed.

"It may sound a lot, but it is in an exclusive area and is handy for getting into London," says Russell. "We are cameo builders; we find a niche market. We just didn't expect to find a niche so small."

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TRAVEL

Haiti alive with the memory of Greene

Robert Twigger finds murder, mystery and music amid the tropical sun

There were no guests in the hotel and the swimming pool was empty," wrote Graham Greene in *Ways of Escape* about his stay in 1963 at the Oloffson hotel in Port au Prince, Haiti.

In his novel *The Comedians*, which is set in the Oloffson, he decided to fill the swimming pool with water. He needed somewhere to drown his fictional minister of health.

Thirty odd years later the pool is still full of water and Greene's old room has been renamed "The Greene Suite". I asked the manager, 38-year-old Haitian-American Richard Morse, if filling the pool was an act of homage. Morse smiled and assured me that no dead bodies have been found floating recently, although the odd stray goat has tumbled into it in the past.

In *The Comedians* Greene renamed the Oloffson the Trianon. Apart from the name change the Oloffson still resembles the Gothic palace topped with spires and odd towers that he describes in his novel. Greene wrote: "You expected a witch to open the door to you or a manic butler, with a bat dangling from a chandelier behind him."

This comic excess is exacerbated by Haiti's voodoo reputation. John Dos Passos observed in 1948: "The Oloffson is the oddest damn place I ever saw. Nobody ever stops talking about voodoo, zombies, possessions, Baron Samedi, etc."

In spite of the political upheavals of the last few years, privatisation and pro-democracy movements, everyone on the verandah has their voodoo story which they unleash after a decent five minutes discussing the economy. I had been at the Oloffson less than a day before I recognised the ever-dapper Aubelin Jolicoeur, the dilettante gossip columnist Greene called "Petit Pierre". He still writes his weekly column for *Le Nouvelliste* and he



Graham Greene is something of an unofficial hero in Haiti. Graham Greene

still comes everyday to the Oloffson to pick up the latest news. He carries, as Greene described, a gold-topped malacca cane, and speaks the flamboyant antiquated English of an aesthete. He looks any age between 50 and 65 but must be several years older.

When Greene died Jolicoeur wrote for *The Guardian* an appreciation of the author who had immortalised him. "I was grateful to Greene to have enhanced my legend to such an extent that some fans kneel at my feet or kiss my hand in meeting a man living his own legend."

Although I did see "Petit Pierre" kiss the shyly proffered hands of several female tourists, I did not witness his own hand actually being kissed. When the Duvalier regime collapsed in 1986 Jolicoeur fled to the American Embassy where they refused him entry. "Not now, Aubey," the American press officer said as they shut the gates. Somehow he survived, despite having spent two years as secretary of state at the Ministry of Information with suspected connections to the Tonton Macoutes.

Greene wrote in his autobiography that Jolicoeur was there to



Richard Morse in front of the infamous pool at the Oloffson, where Graham Greene drowned his fictional minister of health.

spy on him. "Petit Pierre" brushes this aside with a toothy smile. He explained with full sincerity the real secret of his survival: "The answer my dear is that I am so very famous. No one, not even Papa Doc, would dare to touch me!"

I asked whether he minded being renamed by an English author. He said: "Petit Pierre", as you may know, is the title of an autobiographical work by Anatole France. It's the story of a fellow who was loved and adored in his village. So the celebrated author of *The Heart of the Matter* meant to be agreeable, you see, even to flatter me!"

Even though I knew the hotel was full of guests, the lounge still contrived, on certain evenings, to be Greenesquely empty. My solitary drink rested on the high wooden bar. It was made from a pool table left behind after the American occupation in 1934. The barman sometimes just disappeared and I soon gave up worrying about how exactly I should settle the bill.

An American human rights lawyer had told me that no trip to Haiti was complete without

seeing a dead body. Thankfully I saw none, unlike the random carnage that Greene witnessed causing him to comment, "Haiti really was the bad dream of the newspaper headlines".

Morse told me: "When it's bad we get journalists and when it's good we get tourists. Either way I

'Actually Greene's room was haunted even before he stayed here'

make a living. Right now tourism is increasing so we must be going through a peaceful stage."

The "peace", at least at the Oloffson, is shattered once a week by Morse's voodoo beat band RAM. They play in the lounge in front of crowds packed on to the dance floor, standing on tables, even dancing on the stairs. The band has a huge following in Haiti, with support from all levels of society. The

mayor of Port au Prince, a permanent resident at the Oloffson, often opens the entertainment by singing a few songs of his own.

It's a once a week détente. Even Macoutes need somewhere to let off steam," says the aqua-bile Morse. On RAM nights the Oloffson seems far from Greene-land. Indeed with the diversity of the guests, the backdrop of political unrest, the frenzied partying, and drinking to the small hours, it resembles Rick's Cafe in *Casablanca* with Morse happily playing Bogart and Sam rolled into one.

When Greene first came to Haiti in the 1950s he stayed at El Rancho, an American-style hotel built around a pool on the hill above the Oloffson. I took a "tap tap", a kind of communal taxi, there to take a look. Swisher and smarter than the Oloffson, it was full of United Nations personnel sunning themselves by the pool and explaining in loud detail their orders to the waiters. They glared at me in my dusty jeans and I could see why Greene quit this soulless modern place. Who wouldn't prefer the eccentric laid-back appeal of the Oloffson?

Morse sees himself as continuing the Oloffson's oddball tradition. One previous manager kept alligators in the swimming pool. Another sold the hotel lease for \$20 in the back of a car on his way to the airport.

Such tactics attract the famous. The Oloffson is the favourite hotel of film director Jonathan Demme. He employed staff at the hotel to play small roles in his movie *Shine of the Lamps*. Morse takes all this attention in his stride. His hand has just been signed by island records. Perhaps he will end up being more famous than his famous hotel.

I asked Morse for his opinion of *The Comedians*. "Greene got the atmosphere perfectly, especially in the first two-thirds of the book. That's Haiti. It still is Haiti." Out of deference to Greene a new room at the Oloffson will be called "The Barrymore Suite", which was the fictional name of the narrator's room in the novel.

One night, alone on the verandah after drinking several of the Oloffson's famed rum punches, I heard a kind of scraping noise, metallic, like the dragging of a

chain - or was it a typewriter? The next day I asked Morse whether the Oloffson was haunted - perhaps by the great author.

"Sure. Why not? Actually Greene's room was haunted even before he stayed here. It was the operating theatre when the hotel was used as a hospital during the American occupation in the 1920s and 1930s. Yeah, I've heard screams," Morse said. He left it hanging in the air, ominous and yet also engaging, for the haunted-house feel of the Oloffson contrasts oddly with the tropical sun and the cheerful staff.

Papa Doc was so annoyed by *The Comedians* he issued a pamphlet denouncing the author. Greene was described as a "negrophobic benzodrine addict" and an "habitué of lazar houses". Greene, however, is something of an unofficial hero in Haiti, although there are those who resent his fictional portrayals.

Shortly after Greene died in 1971 a missionary priest from Toronto was detained for 24 hours at Port au Prince International airport simply because of his unfortunate surname: Greene.

D.H. Lawrence came to Santa Fe twice in the 1920s and was moved to write "the moment I saw the brilliant morning shine high up over the desert of Santa Fe, something stood still in my soul". It is true that a mystical aura suffuses the immense landscape, a combination of arid desolation, grandeur of space and magnificent light.

The town is a walker's paradise, flat and manageable. Radiating from a grassy 17th century Spanish plaza (the earliest US public building is there), the town caters to its top industry, tourism. It has been disparaged as a "south-western theme park", principally because of its geography, the Indian underlay, the Spanish overlay and the culinary emphasis on red and green chilies.

But it is art that put Santa Fe on the map. Years ago, when being artistic in the US was considered an aberration, this town gave it a thumbs-up. Artists began to gravitate there a decade after New Mexico joined the Union in 1912. After New York and Chicago, Santa Fe is the third largest art centre in the US.

From early or contemporary painting, sculpture, photography and glass to (American) Indian ceramics, blankets, baskets, silver, beadwork - you name it, Santa Fe has it. There are also a number of galleries selling African and far eastern art and, until recently, English china and Scandinavian pieces. This could be the place where the American phrase "shop till you drop" originated.

Santa Fe's population includes American Indians, Spanish (Mexicans and Chicanos want to be called Spanish, linking them to the conquistadors) and Anglos. Tensions do exist. The Indians have a claim against the Spanish regarding water rights, vital in this climate. Both are resentful of recent property purchases by Anglos, which have raised values and in turn attracted large chain stores, squeezing out indigenous shops unable to afford the new, higher rents.

Until recently, most buyers came from the neighbouring states of Texas and Oklahoma. They rarely disturbed the atmosphere, preferring to keep the town as they found it. But many say the new residents (or "partials" from Los Angeles and New York) are replacing the town's easy, informal and low-key character with glitz.

Along with their designer liv-



Santa Fe is paradise for art lovers, walkers and shoppers alike. Tony Stone Images

Santa Fe's 'art and soul' gets a little bit of glitz

Claire Frankel on America's third largest art centre

ing, the new buyers have also brought golf even though the area has water concerns. Locals say they are in fact trying to give a facelift to a town which is proud of its wrinkles.

Santa Fe's appeal to mass tourism was founded on its many galleries, with art on every corner, an artist in every coffee shop and exhibitions in hotels, restaurants and bars. It is still a place where people come to see art or make art and for decades has accommodated an art market.

In the late 1970s and 1980s, art was booming and initially most of the sales were of representational western work created by Taos, an older art community about an hour's drive north. Abstract art was rare before 1978-1979, but now it is shown in many galleries.

In the 1980s everyone wanted to play in the art sand-box. It was chic, as well as a possible moneyspinner. Hopeful aban-

doned careers and became "artists", got little studios and put out a sign. Others thought it would be fun to have a gallery, boutique or shop. Then a horde of rich folk decided to become collectors. Gallery owner Linda Furman says such activity produced "a kind of mishmash with galleries opening and closing, artists coming and going, collectors buying and selling".

People are now a little more cautious. Whereas it used to be "how can I expand?", now owners say "how can I stay alive?" Rising rents and the many window shoppers means that few of Santa Fe's galleries are not having an easy time - a number are closing and some owners are opting to become private dealers. Gallery owner Allene Lapides says that some viewers even telephone to be sure wine will be served at openings.

Many "galleries" cater to the "souvenir" market selling

T-shirts, posters or fake artifacts made in Taiwan. It is as much a part of the scene as eating tamales, enchiladas and sopaipillas. Kitsch has taken root but, fortunately, an abundance of strong painting and sculpture is readily available.

Canyon Road (called "the Art and Soul of Santa Fe") was once an old Indian trail. Now it houses more than 50 galleries and shops. In and among this huge commercial enterprise are long-time shop owners like Robert Nichols who sells authentic Indian ware, and gallery owner Gerald Peters who exhibits not only Frederic Remington and Georgia O'Keeffe but also Monet, Sisley and Degas. The "in town" contemporary scene is dominated by a few highly recommended galleries on or near the plaza - they have large, elegant spaces and are owned and run by knowledgeable and respected figures in the art world.

Check-in / Roger Bray

Toppling the crown

Stars are about to emerge from the clouds of confusion surrounding the classification of British hotels. It looks likely that the crown symbols used by the English, Scottish and Welsh national tourist boards will be abandoned, and with them the four qualifying categories - approved, commended, highly commended and de luxe.

In their place will be a unified star rating system, run in conjunction with the motoring organisations. The decision should resolve an argument which has been raging in the travel industry for several years. Critics say stars are understood around the world. Crowns are not. Besides, the number of crowns awarded by the boards has not always equalled that of the stars dispensed by the AA and the RAC.

Until recently the labyrinth was even more complex, with hotels in Scotland assessed on quality while those in England were rated purely on the facilities they offered.

The new, simplified system could be in place by the autumn. There are lingering complications, however, still to be ironed out, such as what will be done about more modest accommodation like bed and breakfast or guest houses? And categories used by the motoring organisations are not easy to fathom. For example, the AA excludes from its star ratings the new breed of budget accommodation usually found near major roads, including *Four's Travellers*.

Operators head off legislative fallout

European tour operators are facing a worrying dilemma. Legislation from Brussels has lumbered them with the potentially costly responsibility for almost anything that goes wrong with a package holiday.

Operators' fastest growing business is to exotic long-haul destinations, where health and other hazards are more likely to occur than in the Mediterranean. To tackle the problem, the travel industry has linked up

with the Madrid-based World Tourism Organisation to set up a 50-member advisory council, which will meet regularly to identify priority problems and set out tenets of "best practice" for developing destinations.

Advice could cover anything from avoiding dangerous pollution through the treatment of raw sewage to government marketing funds. The rationale is that resorts in developing countries can learn from leading European tourist destinations such as Spain, which have had time to recognise their mistakes and correct them.



Early targets for best practice include Thailand, where efforts are being made to head off damaging over-development. The council's spotlight will also fall on the Silk Route between Istanbul and Xian in China, which is being turned into a tourist attraction with UN backing. The aim will be to ensure that new hotels built along the way are not environmental eyesores - and that the route is adequately policed.

Get prepared for hurricane Caribbean

As the hurricane season rumbles around again in the Caribbean, holiday companies have been trying to persuade island governments to respond more quickly and effectively to threatened disruption.

They say hoteliers and key airport staff should be equipped with cellular telephones so that

they can stay in contact when land lines go down. And they are urging faster clearance for rescue flights.

The moves follow last year's devastating storms, which brought havoc to many places, not least Antigua. The International Federation of Tour Operators, which groups tour operators in 19 countries, wants local officials to speed up the evacuation of holidaymakers as storms approach or in their immediate aftermath. It also wants tourist accommodation managers to make arrangements for approved shelters for guests. It has recommended the establishment of central co-ordination and communication centres.

IFTO president Martin Brackenbury says response to the proposals has been positive. "At present hotel and catering staff in the Caribbean tend to disappear when a hurricane is on the way. We are trying to convince them that if they are really serious about tourism, they need to look after their guests better in a crisis."

What to do with the Greek tax refund

The Greeks have agreed to commute the impact of their swingeing departure tax, which has been driving tourists into the arms of rival Turkey.

The 20 Ecu tax, introduced three years ago, may have deterred more than 1m potential visitors from Europe alone. But the Greeks' first, tentative move to lessen the tax's impact smacks of farce.

Tourism officials in Athens have promised to repay tour operators 1,100 drachmas per passenger for the final three months of the summer season. But most people who have booked to travel this year have already paid the tax in the price for their holiday. To send each a refund of about £3 would be correct, but hardly worth the expensive administrative nightmare. So what will the industry do? Use money paid by existing customers to discount end-of-season packages still to be booked? Answers on a postcard.

ARTS

It is now over six years since John Willis of Channel 4 asked me to lunch to suggest that the BFI should consider making a series to commemorate the then distant centenary of cinema, which would fall in 1995. If I had known then that the task I was being set would devour more than three years of my life I might well have refused the invitation.

But if I had, I would have passed up not only a rare opportunity to reveal the extraordinarily rich diversity of the first 100 years of cinema but also a unique insight into the geo-economics and politics of culture as we approach the millennium. In one of the most ambitious tributes ever paid by the small screen to the big screen I found myself travelling to five continents with films being shot in 16 countries and a final overall budget which probably came close to \$5,000,000.

The first problem was to find the angle. How on earth could one reduce the history of cinema to the most popular and arguably the most powerful art of all time to a television series? For the first nine months, only one principle emerged. There was no point in a history which focused only on the ever more dominant cinema of Hollywood. One of the most striking features of cinema's past is the speed with which the Lumiere brothers' invention spread. One year after the first public show on December 28 1895, cinema had been seen from one end of the world to the other.

Over lunch at the Sunset Marquis with Florence Dauman, daughter of the great French producer, a simple solution emerged. In February 1991, I abandoned the impossible quest for a total history, opt instead for individual essays by great directors on their own cinema, and trust that from an incredible variety of approaches something of the complexity of the century of cinema would emerge.

If the concept was now in place, we needed stars. In this field there was probably only one global star: Martin Scorsese, not only one of America's greatest directors but also a great film historian, a man who has been described as the pope of cinema.

It was in the Marquis on Sunset six months later over breakfast with Stephen Frears, then shooting at Columbia with Dustin Hoffman, that I made the pitch. Could I persuade him to take on the history of British cinema? Perhaps more importantly, could he recommend the project to Scorsese? Frears's affable, not to say scruffy, exterior fronts one of the sharpest minds in the business. The answer was as precise as one might expect from someone trained as a lawyer. I could use his name and he would recommend the project to Scorsese, but I must understand that he would not make a final commitment until he was sure that there really was a history of British cinema that he wished to recount.

The first problem was Scorsese's schedule. The problem was not his finding the time to make a major documentary while he pursued his energetic career as director and producer: it was finding the time even to discuss the project. I was finally ushered into the great man's presence in between pre-production meetings for *The Age of Innocence*. Scorsese gave me a master-class on British movies of the 1930s. Not Hitchcock or Korda but the quota quickies and a string of directors whose names,



Musical misery: Ingrid Bergman mopes into her violin in a poster for Gregory Ratoff's 1939 weepie 'Intermezzo'. The poster, painted by S. Almaliois, is part of an exhibition of Greek cinema art currently on display in the circle of the Lyttelton Theatre, London (until September 7). The release of new Hollywood movies provided a rich source of employment for young Greek artists who practised their skills in reproducing the various ranges, strains and stars of the age.

Mission: (almost) impossible

Colin McCabe on Channel 4's struggle with capital and copyright to celebrate 100 years of cinema

to my shame, I barely recognised. Reluctantly I had to tell him that Frears was linked-in for the British programme, but it was clear that, however busy he was, Scorsese was going to make a history of American movies, indeed nothing was going to stop him. About the series he confessed some scepticism. He was not against it but the history of such international multi-partnered projects was grim.

How grim I was about to find out. With Scorsese confirmed, we had the basis for a "club production": each territory covered the cost of its own production and then exchanged the foreign rights of its film against the domestic rights of all the other films in the series. Everybody who signed up now was guaranteed both Scorsese's name and a feast of Hollywood clips.

Anticipating difficulties, I recruited Bob Laet to produce the series with me. Bob is best described as an anarcho-capitalist:

a graduate of punk management, he combined a high level of critical awareness with the legal skills of somebody who had been through the record industry the hard way.

Together we were to confront the realities of capital and copyright at the end of the millennium. Many of the Hollywood studios have no concept whatsoever of either public record or cultural history. From their view, they own material which is theirs to exploit, and any other exploitation is potentially in competition with them. No licensing of rights to anybody for any purpose. I doubt whether, without an internationally agreed change in copyright law, any future production will assemble together so many clips from so many copyright holders.

If Scorsese gave us something to sell, we still had to raise the money around the world. An early boost came from Hong Kong based Star TV which offered to fund India and China. But before

the contracts from Star arrived, it was taken over by Rupert Murdoch. I rang a friend in the upper echelons of News International. It was possible that the contracts would arrive but I should know that the company's policy was clear - no money for anything on which they did not take global rights. The very kind of production I was trying to mount would become impossible in a world dominated by global distributors.

At this point and as Star pulled out, the series became a mission. The national economies of the first half of the century had allowed many people to record their visions on celluloid. I was determined that the series would bear witness to this plurality of vision, to insist that a global culture must recognise local variety.

The director who I felt most shared this sense of the particularity of cinema was Krzysztof Kieslowski. His own perspective was most unusual; he was not interested in director auteurs or

in studio histories. He wished to make a film about the audience - to follow the history of cinema in Poland through the memories of the 'people and', if the technology allowed, to place those individuals in their favourite films.

Studio Tor, which had nourished him through the 1970s and '80s were not willing to let him direct a project which did not see the studio and Poland receive large sums of money. The notion of an indignant British arts institution was just another rip-off from the west. In the end we agreed that his assistant, Pawel Losinski, would realise the project. This fascinating documentary gave me some comfort when I saw it months after Kieslowski's death. It provides a fascinating epilogue to the career of this most Polish of filmmakers.

As I write it looks as though 16 countries and regions will be in the series. There is no Spain, because early on it became clear we would have to retain one Euro-

pean territory to finance programmes from India and China. There will be no Italy, and this is a bitter blow, because it seemed that RAI could not provide the labour to get the necessary clearances; I console myself with the thought that it is a well known cinema and Europe is well represented in the series.

But the lack of a film on Egyptian cinema with its 3,000 films, its spectacular melodramatic musicals and intimate links with Britain is still painful. As I close the books on the series can I use the pages of the FT for a final pitch: will anyone sponsor a film by Youssef Chahine, the giant of Egyptian cinema, so that the series will include one cinema from all Arab cultures?

Colin McCabe is head of education and information at the BFI. *The Indian, Chinese, Polish and Russian films are screening in official selection at the Venice Film Festival next Friday and Saturday.*

Television/Christopher Dunkley

Quiet voices, real lives

newsreels (*Look At Life*) and Britain's photo-news magazines (*Picture Post*) to tell us about our own lives in a straightforward manner. The recent concentration in television current affairs departments on the drama of the emergency services and "fly on the wall" work has tended to displace this quieter material. But *Picture This* proves that its uses have not diminished.

Describing the approach as "straightforward" and "quieter" may be misleading; there is no lack of style here. If anything the opening programme, Frances Jones's *Four Tarts And A Tenor*, had a bit too much style. It described the visit of Luciano Pavarotti to the 1995 elstieddod in Llangollen, 40 years after his success there with the Modena choir, and adopted the "cut-up" technique: several interviews are sliced up and the pieces shuffled.

Happily Joseph used it less frenetically and more effectively than some, but even the mannerism is so obtrusive that the viewer can become impatient, wondering "Why can't we hear what this person has to say instead of never staying long enough for more than half a thought?" The nice joke was that the nearest we ever got to Pavarotti himself was a shadow on the inside of the elstieddod marquee. The details of his visit were con-

veyed to us entirely by those who made the arrangements: removing the allergenic pollen from the platform flowers, pondering on the height of his bed, fetching seaweed cheese, and so on. When someone leaves such deep impressions behind, who needs the first person singular?

With the second programme, Jeremy Howe, *A Moving Image*, we were overwhelmed by the first person singular. Howe is the widower of the woman murdered at the Open University summer school in York four years ago, and this programme was presented as some sort of therapy.

The trouble was that Howe was so keen to adopt the American habit of letting it all hang out, Oprah Winfrey style, on television, cataloguing his grief and pain and that of his children, that the viewer was driven back, willy nilly, via embarrassment to distaste. The sympathy with which you began was dissipated by insistent breast baring, emphasised with contrived Hollywood-style shots of rainy windcreens, personal possessions in frosty fields, and so on. You ended up wishing that television had done rather less to destroy the old English virtues of reticence and the stiff upper lip.

In this week's programme, Cliff-Chaff Chums, Lorraine Chalker looked at two Girl Guide leaders, Marilyn and Jane, as they ran a camp for dozens of girls during a week of rain. Since the attitude of the ignorant towards Scouts and Guides has always been one of fond ridicule it seemed a pity that Chalker could not lift upon something more radical to inform her programme, a more analytically critical approach, perhaps, or an undermining of the usual affectionate mockery with a revelation of the real benefits of the movement. But no. It was all "Ging Gang Goolly" and Creamola rice as usual. There were telling moments - the queue at the phone box to make revealing calls home, Jane's obvious terror at trying to ascend for the first time - but not many.

The programme this coming Tuesday, *Remember Albert*, made by Jonathan Smith, is, structurally, one of the most conventional so far, and also the most powerful. It tells of the life and death of a man I had never heard of: Albert Johannesen, a South African who played football for Leeds United, was the first black player to participate in a Wembley Cup Final, became an alcoholic and, last autumn, was found dead by the police in a run-down flat. Smith interviews his friends, brings out their liking for the man and their puzzlement at his decline, and conveys a deep sense of poignancy and waste. It is not an overwhelmingly profound document, but it gives you a brief, vivid impression of one life - not unlike a view suddenly spied through a previously unknown window.

Cluedo elevated to black comedy

Martin Hoyle reviews Alan Ayckbourn

At the heart of Alan Ayckbourn's humour lies his ability to juxtapose the banal and the profound, to hilarious and sometimes terrifying effect. This gift reaches its apogee in the polite inarticulateness with which the English middle classes haltingly deal with heartbreak or homicide or simply the presence of evil - there's a lot of it about," as they say in *Man of the Moment*. The shadow of a stumbling comic Lear asking for help to undo that button looms over Ayckbourn's work. But the kindness of strangers is not always forthcoming; and our smiles freeze at the cruelty of his suburban jungle where predator stalks prey and the weak go to the wall.

There is a classic Ayckbourn moment in this new comedy-thriller, *It Could Be Any One Of Us* at the Stephen Joseph Theatre, Scarborough. A frightened woman, knowing herself to be a potential murder victim in the dark, old house where she is staying with a picture-seekingly mad brood, sits at the piano and sings to keep her spirits up. Unfortunately her repertoire is limited to plonking renderings of the inanely jolly ditties made up for her children. The contrast between terror and quavering ineptitude is achingly Ayckbourn. It prompts mirth and, as so often, guilt at our

own laughter. It also provides the best moment in this decidedly patchy comedy. We are in the home of a deeply artistic trio, two brothers and a sister, possibly inspired by Scarborough's most famous summer residents, the Sitwells. Alas, Jocelyn has never completed any of her 34 books. Nobody has seen any of the paintings that have occupied gentle, doolally Brinton for over 20 years. And despite Mortimer's vast oeuvre, no-one has ever played his music; still, he brandishes a cherished Young Composer of the Year award contemptuously at his siblings - a scripted bronze treble clef which will later be put to murderous use.

For this is Cluedo elevated to black comedy. Other players include Jocelyn's daughter Amy, a sullen Ayckbourn adolescent in boots and boiler-suit; and Jocelyn's boyfriend, the nerdy Norris, a former insurance investigator who longs to be a detective. The intended victim - or is she? - is the village girl, contacted after 20 years, to whom the vindictive Mortimer has decided to bequeath the family home. She is now Wendy Windwood, proprietress of Wendy's and aspirant King Charles spaniel breeder, spitfire and, at best, common-

place normality that we love watching freeze into incredulous horror in so many Ayckbourn plays, and whom Janet Dibley invests with a perfect mix of cheerful obtuseness and sudden insight.

Unhappily the play fails to ignite. It lacks Ayckbourn's fiendish jigsaw construction and legerdemain plotting. The third act contains stretches of character exposition cumbersome by the author's own standards, though Juliet Mills comes into her own in Jocelyn's groping for niceness and normality - a sympathetic performance marked by fluid delivery. The Act 3 murder is belated and unsurprising, the Act 3 unravelling contrived; and the laughs are fewer than usual, all the more noticeable for the cartoon, even caricature, nature of the characters - an arty misfit clan from an updated version of "Happy Families".

The author's direction evokes customary fine performances: from Malcolm Renzie as the odious Mortimer, Richard Derrington's wistfully panicky Brinton, and Tabitha Wady as the muttonous teenager. Jon Strickland, an old Ayckbourn hand, hits off the inept amateur sleuth to a T. The characters are all there but, speaking as a fully-paid up subscriber to this particular A.A., I can only ask, where is the play?

Radio

Too many morals

Was it my imagination, but as I walked out one morning last week were people puffing defiantly at fags at bus-stops, in doorways, coming out of shops? Or was I extra conscious of smoking after an edition of *The Moral Maze* where the sanctimonious and self-righteous were abnormally in evidence?

Even more than drink or drugs, smoking is a topic that brings out those partisans, closed of mind and thin of lips, who know what is good for people better than people do themselves. One four-voiced example was an Oxford academic who droned on humouredly, almost vindictively, a true heir of Malvolio. Thoughts of cakes and ale verboten to the virtuous sprang to mind - not just mine but also, to my annoyance, to Dr David Starkey's.

Pundits in the discussion series *No Illusions*, promisingly chaired by Francine Stock, turned to indecency. Two of the panel were transatlantic women who professed ignorance and bewilderment at English terminology and British law; a glib-tongued Celt, apparently a lawyer, who sneered at the commonsense definition of indecency by Lord Denning; a misogynist involved with some moral organisation or other who opined that dear ones - mothers, grandmothers - should be kept safe, rather as if they were volatile explosives; and an Englishwoman interested in film and video. My initial surmise that such an inchoate gathering is slapped together for the benefit of itself (and its mothers and grandmothers) soon proved correct.

But then my day had begun with *North of Watford*; this week a discussion from Glasgow full of people called Sean and Sian who illustrated why the stolid Anglo-Saxons have domination of these islands by shrilly falling out with one another. The subject was minority languages, in particular the Celtic revival. The sanest of the lot was a pragmatic Welshman who said that socio-economic factors made English an important language, a historical process no less relevant to Celts than the Irish putting up signposts in Erse. Most hysterical was a woman who envisaged us becoming multi-lingual Europeans casually slipping into the native tongue of our holiday resort, including Breton and Catalan.

And the complacent non-entities that increasingly infest the airwaves. Survivors stand out with blessed sense, articulateness and compassion. Yesterday we met Mala, an East African Asian, who had survived inner suffering more drastic than the tumour that deprived her of her nose as a child. Religious guilt and a feeling of unworthiness were added to constant operations and her family's exile and hard times in England. A job at the Home Office - as a disgraced Asian woman she filled every quota admirably - led to self-quest until a colleague made an unseemable remark about the civil service employing freaks. But Mala has won her battles: she is balanced, intelligent and un-bitter. Her psycho-therapist sounds marvellous - no fumbling "counsellor" but a clear-eyed, sensitive woman. And the style and controlled passion of presenter John Man makes most of his colleagues sound dowdy.

M.H.

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BOOKS

Pillow talk with Freudian overtones

Jackie Wullschlager on how D.H. Lawrence's liaison with Frieda galvanised his work

No writer was more antipathetic to biography than D.H. Lawrence. His entire fictional oeuvre is a reaction against what he called "the old stable ego of character". By letting the heroes and heroines in *The Rainbow* and *Women in Love* pursue a life of their own, rather than making them act relentlessly in character as 19th-century novelists did, he conveyed the idea of fluidity and change in lives and relationships as no one else had done, and no revolutionised modern fiction.

Ironically, Lawrence bears some responsibility for the current rage for biography, because it is in response to the modernist novel that readers have turned to factual lives for something reassuring and safe – the chronological tale, a depiction of a recognisable subject whose traits the biographer pinpoints, and stabilises as historical truth. And of literary subjects, Lawrence, with his fiery personal life, his outspoken views on sex and women, and the public fights and reconciliations of his marriage, is among the most mesmerising.

This is the seventh biography of him or his wife in the last six years. *Triumph to Exile*, Volume 3 of a three-volume biography, and part of Cambridge's massive project to publish the complete, unexpurgated works and some 5,000 letters, is sensitive, illuminating, full of insight, a worthy successor to John Worthen's masterly account of Lawrence's early years in Volume 1 (1991).

It takes over Lawrence and Frieda as they board the Dover-Ostend ferry in 1912 for their first illicit holiday, to see Frieda's aristocratic von Richthofen family, and leaves them 10 years later, married and famous, on another ship, bound for Ceylon and then emigré life in Taos, New Mexico. In between comes the story of Lawrence's richest creative period. The final draft of *Sons and Lovers*, documenting his tortured relations with his mother and early girlfriend Jessie Chambers, was transformed in the glow of his sexual liaison with Frieda. Carefree and promiscuous, she had been the lover of Otto Gross, a psychoanalyst friend of Freud, and via this link Lawrence worked out his own ideas of the supremacy of instinct and the blood.

The Rainbow forged his reputation but its explicit sexual passages, especially the account of Ursula's lesbian affair with her teacher, fell foul of the censors. *Women in Love*, written after years battling with Frieda,

also lies in the shadow of the first world war: its questions about marriage and eroticism, grief and the frightening blankness of nature, have made it one of our century's most popular novels.

This story of how high-powered pillow talk introduced Freudian ideas into mainstream English culture is an enthralling episode in literary history. But it has been told often, most expertly by Brenda Maddox in her life of Lawrence, *The Married Man* (1994), whose sweep and boldness of sexual theme Kinkad-Weekes does not try to match.

Did Frieda and Lawrence soon fall to get it together in bed? Tatlers such as Katherine Mansfield claimed that this is what they confided, and certainly Lawrence's overwrought proclamations

D.H. LAWRENCE: TRIUMPH TO EXILE 1912-1922
by Mark Kinkad-Weekes
Cambridge £29.95, 343 pages

about the supremacy of the sexual act make one wonder if he doth protest too much. But "what is true sex? How long is a piece of string?" Kinkad-Weekes asks dismissively of the sort of gossip that Maddox handles with relish. More honourable, maybe, less compelling.

What is welcome here, however, is refinement of detail and authentic touch. Time and again an odd letter, a scribble in the margin by Frieda, makes the story blaze afresh. "We are always just us two and we live so hard on each other, one day like the lions that are each other, there will be nothing but two tails left," she writes from exile in Italy after she had left her professor-husband and lost access to her children. "You don't care a damn about those brats really, and they don't care about you," was Lawrence's response as she howled in agony.

She answered with casual affairs, humiliating put-downs, yet "I am a heroic person, to stand him day for day, I tell you. I think I'll put him on a little stool in the garden like his mother," now cry there, misery. How well she understood him, for all her German non-sense – the anger/idealism of his friendships as well as his books, for example: "I approach all people [women specially] as if they were Gothic cathedrals, then he finds that they are little houses and hates them for it."

Did Lawrence pioneer a sympathy for women's sexuality, or did his advocacy of female dissatisfaction in



works like *The Plumed Serpent* show a longing for the female sex? Forget feminism versus misogyny, this book suggests: read the letters and you cannot fail to like the man, to admire his honesty and drive, his refusal to compromise with English conservatism ("I want to wash again quick, wash off England, the oldness and grubbiness and despair").

Kinkad-Weekes also makes you like everyone else. Frieda, wandering the streets of Chiswick looking for the house where her children have moved, whose address she is denied, recognising her Nottingham curtains, and bursting in on a family now terrified of her.

Her former husband: "I cannot see her handwriting without trembling like an old cripple – to see her again would be my death. I would kill myself and the children too."

Lady Ottoline Morrell, confidante of Lawrence, opening *Women in Love* to find herself savagely caricatured as Hermione – all are given space and depth. The cost of this balance is the sort of passionate involvement which makes a single-book life like Maddox's Lawrence so unimpeachable. By contrast the Cambridge biography is just too long for the general reader. Its scholarly usefulness is undoubted, its erudition impeccable, but

who has time for three volumes of 300 pages each, to cover a life that lasted 44 years?

Nor am I convinced of the value of dividing the work between three different biographers to avoid "a pattern of interpretation..." (and a predictability which plays false to the actualities and unexpectedness of life). Yes, it meets some of Lawrence's reservations about how character is fixed on the page. But I crave biography because it sticks its neck out and creates an outside hero. Like good fiction, it orders life into art, and without the over-reaching vision of one author, an imaginative dimension is missing.

A broad church for politicians

Ian Hargreaves on what unites the left and the holy

That Tony Blair is both a paid up Christian Socialist and the likeliest next prime minister of the UK indicates the reason why Chris Bryant's book will reach a wider audience than might otherwise have been the case. Bryant, himself an ordained Anglican vicar now seeking to become a Labour MP, chairs the Christian Socialist Movement, a small but growing organisation affiliated to the Labour Party beneath whose superstructure this historical excavation takes place.

And a complex excavation it proves to be too. Bryant busies through English history – for this is a book almost entirely confined to affairs in England, even though both the last two Labour leaders have been Scots Christian Socialists – from the Peasants' Revolt, through Diggers, Tolpuddle Martyrs and many less memorable schisms and conflicts. It is a story which constantly shifts between confessional poles, with the lead now falling to Quakers, Methodists of other dissenters and then shifting back towards its Catholic or Anglo-Catholic base.

The narrative is not made easier by the fact that the author admits to the fold of Christian Socialism anyone who chooses the label. So the congregation includes Tony Benn, Tom Driberg, Mervyn Stockwood, Harold Wilson, Hilaire Belloc, Terry Eagleton, Stafford Cripps, R.H. Tawney and Eric Hoffer alongside Blair and Smith. It may be wondered what exactly connects the languid intellectual self-confidence of the Victorian Christian Socialist Union, glorying in "its indefiniteness and considering it a crime to arrive at any particular economic conclusion" to the programmatic, anticlerical stance of 1980s Benism.

Christian Socialism has over the years contained, within its ranks anarchists,

Stalinists, pacifists and Clause 4 stalwarts. Yet it cannot be denied that some of the most important thinkers in Britain's democratic socialist tradition, such as Tawney and William Temple, chose primarily to define their work within a framework of Christian Socialism, and that their influence upon Beveridge's designs for the welfare state were of great importance. We may not be able easily to say what Christian Socialism is, but it is certainly capable of making a difference.

Tawney's statement of principle that "every human being is of infinite importance and therefore no consideration of expediency can justify the oppression of one

POSSIBLE DREAMS: A PERSONAL HISTORY OF BRITISH CHRISTIAN SOCIALISTS
by Chris Bryant
Hodder & Stoughton £25, 272 pages

by another", coupled with Bishop Temple's shrewdly urbane comment that "the art of government is that art of so ordering life that self-interest prompts what justice demands" are as recognisable in Beveridge as they are the tests that those on the left who now seek to modernise the welfare state know they must meet.

It is in part the very breadth of the Christian Socialist tradition that makes it so useful to Blair. Its character is so protean, so open to re-interpretation that we may as well be told that Blair is a human being as he told that he is a Christian Socialist. In one way, this is perfect for Blair's style and mission, which is shifting, elusive and provisional rather than sturdily ideological or programmatic. At the same time, Christian or Ethical Socialism represents for Blair a way of stepping outside the tradition of scientific Marxism. Leave

aside the fact that Blair's own inspiration as a young man, the Scots Quaker John Macmurray, was a Communist, the mature Blair has no interest in the language of class war nor a deterministic view of history.

It is also crucial to understand that Blair's own faith is ecumenical rather than factional. He is himself a confirmed Anglican, married to a Roman Catholic. When conservative Sunday newspapers express horror that Blair may have taken Mass at the Catholic church, he attends most Sundays, they fail to realise that to Blair the factionalism which makes this a difficulty – although mighty in substance for those who feel it – is a matter of no personal concern to himself. In religion as in politics, Blair sees himself standing outside established factions: it explains both the breadth of his appeal and his sense of isolation within his own party.

Beyond functionalism, the most important aspect of Blair's Christian Socialism is its moral energy. Although this may over the years have expressed itself in causes as diverse as the Aldermaston marches and the breaking of machines, the central moral premise of British ethical socialism is, indeed, Tawney's insistence upon the cause of social justice. In a period of consensual economic thinking between the parties, Blair's struggle to re-define the meaning of good old socialist words like fairness, social justice and equality of opportunity are at the heart of his political purpose. He is too much a man of a secular age to call this a search for a New Jerusalem or the shining city on the hill. Nigel Lawson, high priest of economic neo-liberalism, once said, at the height of Thatcherism's hubris, that "all that is left to socialism is the moral high ground". As Bryant notes, he thereby conceded much.

Rereadings/A.C. Grayling

A Classical answer to cultural decay

To be ignorant of history is to be condemned to repeat it. So says the aphorism, and it is especially true of the history of ideas. In contemporary western society there is much wringing of hands about our supposed spiritual poverty and moral decay, part of the blame for which is apportioned to "mass culture", best summed up as the business of purveying such intellectual nourishment as page three girls to such intellectual giants as Lagerfelds. The complainers divide into two camps, between whom there is no natural affinity: the morally squeamish, and the culturally fastidious.

The morally squeamish are those who prefer their piano legs trousersed. There are many reasons, mainly psychological and conventional, why such folk are afraid of the instinctual, the basic, the appetitive in human experience – in short sex and its adjuncts like nudity, wild dancing, youth. They therefore try to stop other people acting or thinking access, except in controlled, socially-sanctioned ways. If the world divides into life-enhancers and life-deniers, they are firmly in the latter camp.

The complaint of the culturally fastidious is the sad state of mass culture, which they apostrophise as shallow, loud, repetitive, predictable, garish, tasteless and, when not mind-numbing, nauseating. This description is applied to pop music, much of television, and the tabloid press. Alas, they are largely right: but the generalisation leads them to overlook what is funny, clever and wise in that culture too. And they forget that the origins of high culture lie in folk culture: the roots of the symphony, for example, lie centuries deep in campfire singing and drumming.

It is not moral squeamishness but the question of culture and the spiritual state of society that I write about here. In talking of matters spiritual I do not mean religion: on some views, supernatural beliefs are a sign

rather of spiritual malaise than health. I mean instead what affects the human spirit, that aspect of life which concerns our self-understanding, our perspective about others, and our knowledge of the world, and which, when rich, enables us to live more fully, flourishingly and imaginatively, and when poor, makes us prisoners of ignorance and the merely here-and-now.

On the question whether popular culture enriches rather than impoverishes, the culturally fastidious

is needed to promote a renewed, Classical ethos of flexible intelligence and a "regard for the whole", and to combat "Philistinism", a term coined by Arnold to denote an attitude of selfish concern for one's own material interests at the expense of society.

In *Culture and Anarchy* Arnold put his point in terms of an antithesis between the illuminated mind which "sees things as they are" and the narrow mentality concerned only for itself. "Not a having and a resting, but a growing and becoming, is the character of perfection as culture conceives it," wrote Arnold; and he further claimed that "individual perfection is impossible so long as the rest of mankind is not perfected along with us." This marks Arnold's commitment to the ideal of a community whose members are able to rise above mere self-interest.

Arnold's answer to cultural decay is therefore a return to Classical ideals not just for individuals as such but for individuals together in society. Appreciation of literature and wide knowledge will make people better all-round judges of what is best in life, and at the same time will make them better neighbours to one another. Intellect, reason and light are the conditions for liberty and progress; their opposites result in the narrowness of self-interest and Philistinism, the view that consists in the deification of selfish material gain and the rejection of social ideals (does this sound familiar?). And the means to this enlightened alternative, said Arnold, is the educative power of literature.

One is unlikely to agree with everything in Arnold, and one might sympathise with those who dislike his polemical style. But Arnold raised many of the questions which concern us now, and offers interesting answers to them. So we should reread him for the example, the ideas, and the guidance he offers as we attempt to grapple with the cultural dilemmas of our own time.

Misunderstood musician

Even more than journals, the private letters of artists are to be mistrusted as a record of what really happened. Selections of letters are doubly suspect, for the simple reason that they are selected. That said, Hugh Macdonald's new selection of Berlioz's letters – the first English translation for some 30 years – establishes both a structure and a sense of momentum, and is very far from being a mere rag-bag of random pickings.

Anyone drooling for insights into the music will be disappointed. There are no nuts-and-bolts here – though there is a unique first-hand picture of the musical climate of 19th-century Paris, and the composer's more workaday musical

vicissitudes are logged in detail. One empathises with the scorn he heaps on less exciting contemporaries... laments Berlioz, "do what every other composer does."

In April 1829, he is desperately petitioning Goethe's support for his first attempt at a Faust composition (the letter remained unacknowledged, since the poet's

friend Zelter judged the accompanying score "an abomination"). "Can I not," laments Berlioz, "do what every other composer does?"

SELECTED LETTERS OF BERLIOZ
edited by Hugh Macdonald
Faber £25, 479 pages

and use a poem as a source of musical situations... without putting German men of letters into a rage?" Seventeen years later, having finally completed *La Damnation de Faust*, Berlioz writes to the Citizen King to beg him to attend the pre-

miere. It goes without saying that the King – together with *le tout Paris* – is otherwise wise engaged. His attempt to woo the patronage of Napoleon III are equally unfruitful: "The Emperor is inaccessible," he spits, "and loathes music like ten Turks."

It is a pattern of official non-recognition set early enough in the composer's career for him to have become more or less resigned to it, and the disappointment of his later letters is a marked one. By 1859, he is sunk in a seemingly permanent gloom at his own neglect and the sadness of so many friends lost. "Paris... is a cemetery. I live entirely in the past," he writes to Princess Caroline Sayn-Wittgenstein. "There I saw Balzac for the last time; here I went for a walk with Paganini: there I escorted the Duchesse d'Abrantes, a good woman, even if absurd... They're all dead! All of them dead!"

Berlioz' own self-protecting image of himself as tortured genius, as betrayed lover, as romantic actor on the stage of his own mind is at once flamboyant and self-

mocking, and if he is saved it is due – finally – to his own sense of irony (a rare enough redeeming relish in the narcissistic cocoon of ego that is at the heart of 19th-century Romanticism). At the end of his life, the ironic white-face comes full circle: he becomes Mephistopheles to his own Faust – and no-one is less surprised than he.

For anyone lacking the stamina to travel through the six-volume edition of the *Correspondence Générale* (a seventh is currently in preparation), Macdonald's canny selection forms a pungent point of entry – though no-one should eschew the *Mémoires*, which, with the *Journals* of Delacroix, are one of the most-read classics of 19th-century confessional literature. Auden's claim that, to understand the 19th-century it is essential to understand Berlioz, is not so far-fetched as it seems: *The Selected Letters* give a tantalising insight into the creative and domestic world of one who was the quintessence of Romanticism – a complex, disturbing and mainly misunderstood creature who had, all his life, Virgil's *clangor tubarum* in his head.

Michael Pollard

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INTERNATIONAL ARTS GUIDE

What's on in the principal cities

ADELAIDE

EXHIBITION
Art Gallery of South Australia
Tel: 81-8-2077000
● Dark Visions: the Etchings of Goya, on the occasion of the 250th anniversary of Francisco Goya's birth (1746-1828), this exhibition features around 100 etchings by this Spanish artist; from Aug 30 to Nov 10

AMSTERDAM

CONCERT
Concertgebouw Tel: 31-20-5730573
● Rotterdam Philharmonisch Orkest: with conductor Daniel Harding and violinist Sarah Chang perform works by Sibelius, Messiaen and Bartók; 8.15pm; Aug 31

EXHIBITION
Van Gogh Museum Tel: 31-20-5705200
● The Colour of Sculpture 1840-1910: this exhibition demonstrates the methods and materials used by 19th century artists to apply colour as an expressive medium to their sculptures. Artists represented include Camille Claudel, Charles Cordier, Paul Gauguin, Rodin, Boccia, Jean-Léon Gérôme, John Gibson, Medardo Rosso, Fernand Khnopff, Max Klinger, Pablo Picasso, Auguste Renoir and Auguste Rodin; to Nov 17

AVIGNON

EXHIBITION
Musée du Petit Palais Tel: 33-90 86 44 58
● Deux Palais pour Rodin: part of a joint exhibition in the Musée du Petit Palais and the Palais des Papes devoted to the work of Auguste Rodin. The exhibits come from the collection of the Musée Rodin. The display in the Musée du Petit Palais features 60 sculptures; to Sep 1
● Deux Palais pour Rodin: part of a joint exhibition in the Musée du Petit Palais and the Palais des Papes devoted to the work of Auguste Rodin. The exhibits come from the collection of the Musée Rodin. The display in the Musée des Papes features 30 architectural drawings; to Sep 1

BERLIN

CONCERT
Konzerthaus Tel: 49-30-203090
● Dautisches Symphonie-Orchester Berlin: with conductor Vladimir Ashkenazy and pianist Richard Goode perform Beethoven's Piano Concerto No.3 in C minor, Op.37 and Symphony No.8 in F major, Op.68; 8pm; Aug 31

EXHIBITION
Ägyptisches Museum und Papyrussammlung - Charlottenburg Tel: 49-30-3209126
● Theatrum Hieroglyphicum. Ägyptischen Bildwerke des Barock: exhibition of a series of 18th century, pseudo-Egyptian statues and reliefs that were created for the Park von Wörlitz. The works on display give an insight into the ideas and perceptions of ancient Egyptian culture that prevailed at this period of time; to Sep 8
● Ägyptisches Museum und Papyrussammlung: exhibition of a series of 18th century, pseudo-Egyptian statues and reliefs that were created for the Park von Wörlitz. The works on display give an insight into the ideas and perceptions of ancient Egyptian culture that prevailed at this period of time; to Sep 8

EXHIBITION
Wasservision. Das Motiv des Wassers in der Kunst des 19. Jahrhunderts: exhibition devoted to water as a source of inspiration for the artists of the Art Nouveau movement. At the turn of the century, artists made extensive use of waves, sea, fish, nymphs and sea animals as elements of decoration. The display includes paintings, porcelain, and works in metal and glass; to Sep 15
● Wasservision. Das Motiv des Wassers in der Kunst des 19. Jahrhunderts: exhibition devoted to water as a source of inspiration for the artists of the Art Nouveau movement. At the turn of the century, artists made extensive use of waves, sea, fish, nymphs and sea animals as elements of decoration. The display includes paintings, porcelain, and works in metal and glass; to Sep 15

EXHIBITION
Kunsthalle Oper Tel: 49-30-202600
● Così fan Tutte: by Mozart. Conducted by Yakov Kreizberg and performed by the Komische Oper Berlin. Soloists include Ottenhals, Korovina and Henneberg; 7pm; Aug 29
● Die Zauberflöte: by Mozart. Conducted by Sebastian Weigle and performed by the Staatsoper Unter den Linden. Soloists include Kodali, Dawson, Eisenfeld and Youn; 7pm; Aug 31

BRUSSELS

EXHIBITION
Musées Royaux d'Art et d'Histoire Tel: 32-2-7417211
● Magisch Goud - Schatten van de Etrusken en de Romeinen: exhibition featuring more than 200 gold and silver objects, spanning 2,000 years of Italian culture. The



'The House of Death' by William Blake, part of the exhibition at the Tate in London

objects on display range from Etruscan jewellery from the 8th century BC to 13th century coins; to Sep 6

CANBERRA

EXHIBITION
National Gallery of Australia Tel: 61-6-240-6411
● William Morris and Friends: exhibition celebrating the work of the designer and writer William Morris, who died 100 years ago. Other artists in the show include Sir Edward Burne-Jones, Walter Crane, William De Morgan and Aubrey Beardsley. The exhibition features illustrated books and drawings for the Kelmscott Press, photographs, prints, wallpaper, textiles, ceramics, metalwork and glass; to Dec 1

CHICAGO

EXHIBITION
Art Institute of Chicago Tel: 312-4433600
● Roy DeCarava: A Retrospective: exhibition of more than 200 photographs by Roy DeCarava, ranging in date from 1949 to 1994. The exhibition captures the wide variety of subjects he addressed over the years, from intimate still-lives to portraits of jazz musicians to poignant reflections of the panorama of daily human life; to Sep 15
● Negotiating Rapture: a major loan exhibition featuring work by international contemporary artists, including Francis Bacon, Joseph Beuys, Lucio Fontana, Shirazeh Houshary, Anselm Kiefer, Agnes Martin, Bruce Nauman, Barnett Newman, Ad Reinhardt and Bill Viola; to Oct 20

COLOGNE

CONCERT
Kölner Philharmonie Tel: 49-221-2040820
● Gürzenich-Orchester: with conductor James Conlon, mezzo-soprano Waltraud Meier and tenor Siegfried Jerusalem perform works by Wagner. Open air concert at the Roncalliplatz; 8pm; Aug 25
● The Cleveland Orchestra: with conductor Christoph von Dohnányi and pianist Alfred Brendel perform works by Beethoven and Brahms; 8pm; Aug 28

COPENHAGEN

CONCERT
Tivoli Concert Hall Tel: 45-33 15 10 01
● New York Philharmonic Orchestra: with conductor Kurt Masur and violinist Anne Sophie Mutter perform works by Brahms and Beethoven; 7.30pm; Aug 25
● Glyndebourne Opera Festival Tel: 44-1273-812321
● Ermione: by Rossini. Conducted by Andrew Davis and performed by The London Philharmonic. Soloists include Anna Caterina Antonacci and Paul Austin Kelly. Part of the Glyndebourne Opera Festival; 5.55pm; Aug 25

DUBLIN

CONCERT
National Concert Hall - Ceoláras Náisiúnta Tel: 353-1-6711888
● RTE Concert Orchestra: with conductor James Cavanagh and trombonist Gavin Roche perform works by Suppe, Sibelius, Larsson and Anderson; 1.05pm; Aug 27

EXHIBITION
Irish Museum of Modern Art Tel: 353-1-6718896
● Sean Scully: Twenty Years: this exhibition includes about 30 paintings and 32 watercolours covering the two decades during which Scully moved from England to the US, obtained American citizenship and established himself as a pivotal figure in postwar abstract painting; to Aug 25

EDINBURGH

EXHIBITION
National Gallery of Scotland Tel: 44-131-5568921

● Look, Love and Follow: for almost a century following the exile of the Stewarts in 1688, engraved portraits of the royal family and their closest supporters were an important weapon in the propaganda battle to re-establish the royal family on the throne of Great Britain. 'Look, love and follow' was the exhortation used by the Jacobites to entice their supporters. This exhibition, marking the 250th anniversary of the battle of Culloden, features a selection of these portrait engravings; to Sep 16

ESSEN

EXHIBITION
Design Zentrum Nordrhein-Westfalen Tel: 49-201-8202118
● Design-Innovationen '96: exhibition showing a selection of works competing for this international industrial design award; to Aug 25

GENEVA

EXHIBITION
Petit Palais Musée d'Art Moderne Tel: 41-22-3461433
● Les Neo-Impressionnistes: exhibition of some 70 works from the Neo-Impressionist collection of the Petit Palais. The display includes works by artists such as Albert Dubois-Pillet, Maximilien Luce, Charles Angrand, Van Rysselberghe, Van de Velde, A.J. Heymans, Henri Martin, Pierre Mengin, Signac, Gauguin, Laugé and H. Pélissier; to Sep 30

GSTAAD

CONCERT
Menühilfestival Alpenglauze Gstaad Tel: 41-30-47173
● Royal Philharmonic Orchestra: with conductor Yehudi Menuhin and cellist Leonid Gorokhov perform works by Enescu, Tchaikovsky and Elgar. Concert celebrating the 40th anniversary of the Menuhin Festival, the 80th birthday of Lord Menuhin, and the 10th anniversary of the Alpenglauze; 7.30pm; Aug 24

HAMBURG

EXHIBITION
Hamburger Kunsthalle Tel: 49-40-24862612
● Ernst Ludwig Kirchner. Die frühe Dada-Zeit: exhibition of works by Ernst Ludwig Kirchner from the museum's collection, created in his first years. In Dada where the Expressionist artist settled in 1917; to Aug 25
● Museum für Kunst und Gewerbe Tel: 49-40-24862732
● Hommage an Hokusai: exhibition of graphic work by Kan Tsuji and Arur Deikoff; to Sep 15

LEWES

EXHIBITION
Glyndebourne Opera Festival Tel: 44-1273-812321
● Ermione: by Rossini. Conducted by Andrew Davis and performed by The London Philharmonic. Soloists include Anna Caterina Antonacci and Paul Austin Kelly. Part of the Glyndebourne Opera Festival; 5.55pm; Aug 25

LIVERPOOL

EXHIBITION
Tate Gallery Liverpool Tel: 44-151-7093223
● Joan Miró - Printmaker 1933-83: exhibition of etchings, dry-point engravings, lithographs and aquatints by Joan Miró, giving an overview of the artist's graphic work. The prints in this exhibition are from the Joan Miró Foundation in Barcelona; to Aug 26

LONDON

CONCERT
Royal Albert Hall Tel: 44-171-5898212

● Berlin Philharmonic Orchestra: with conductor Claudio Abbado and pianist Radu Lupu perform Brahms' Piano Concerto No.1 in C minor and Symphony No.1 in C minor. Part of the BBC Henry Wood Promenade Concerts (Proms); 7.30pm; Aug 28

DANCE
Royal Festival Hall Tel: 44-171-9804242
● Billboards: a choreography by Laura Dean, Peter Pucci, Charles Moulton and Margo Sappington to music by Prince, performed by the Joffrey Ballet of Chicago; 8pm; Aug 25 (7.30pm), 29, 30, 31 (also 3pm)

EXHIBITION
Tate Gallery Tel: 44-171-5878000
● William Blake: Young's Night Thoughts: in 1785, William Blake received a commission from the publisher Richard Evans which was to become the artist's biggest project. This exhibition shows a selection of illustrations from the project in the collection of the British Museum, together with some of his other responses to other poetic meditations. The display is the fifth in an annual series which focuses on aspects of Blake's work; to Oct 6
● Victoria & Albert Museum Tel: 44-171-9388500
● Leighton Centenary Celebrations: exhibition on the occasion of the centennial of the death of Frederic, Lord Leighton (1830-1896). The centrepiece will be the newly restored frescoes The Arts of Industry Applied to War and The Arts of Industry Applied to Peace. These works are among the most important public commissions of the Victorian era; to Sep 15

● Whitechapel Art Gallery Tel: 44-171-5227888
● Whitechapel Open and East London Open Studios: new work by East London artists. The exhibition extends to film, video and installation as well as painting and sculpture. The project has become an important platform for contemporary British art; to Sep 15

LOS ANGELES

EXHIBITION
MOCA at California Plaza Tel: 1-213-625-8222
● Kienholz: A Retrospective: this exhibition presents the full range of Kienholz's own work and his 20 years of collaboration with his wife and partner, Nancy Reddin Kienholz. More than 100 pieces, ranging from intimate objects to house-scale environments, are displayed; to Nov 3
● The J. Paul Getty Museum Tel: 1-310-459-7611
● 19th Century French Drawings: exhibition of 25 drawings by 19th century French masters from the museum's collection, with examples from Neo-Classicism through Post-Impressionism, including works by Cézanne, Delacroix, Gercault, Ingres, Millet, Manet and Degas; to Aug 25

LUCERNE

CONCERT
Internationale Musikfestwochen Tel: 41-41-2103562
● Collegium Musicum Zürich: with conductor Paul Sacher and cellist Mstislav Rostropovich perform works by Haydn and Mozart. Part of the Internationale Musikfestwochen Luzern; 8.45pm; Aug 25

EXHIBITION
Kunsthalle Luzern Tel: 41-41-2103562
● Plakate und Fotografien Melk Imboden: exhibition featuring posters and photographs by Melk Imboden. Part of the Internationale Musikfestwochen Luzern. Imboden designed the poster for the 1996 edition of this festival; to Sep 11

MADRID

EXHIBITION
Museo Nacional Centro de Arte Reina Sofia Tel: 34-1-4675062
● ?BUNUEL? La mirada del siglo: this exhibition, centered around Luis Buñuel's film 'La edad de oro', focuses on work by people who inspired him or were themselves inspired by his work. The display features some 500 works, including paintings,

drawings, sculpture, books and photographs. Artists represented include Dalí, Miró, Magritte, Giacometti, Picabia, Ernst, Tarnalio, Man Ray, Alvarez Bravo and García Lorca. Also on display are 50 photographs of Buñuel working on a film shoot, made by Gabriel Figueroa; to Oct 14

MILAN

EXHIBITION
Palazzo della Ragione
● Riefenstahl at 70 Loni Riefenstahl, known for her films on Adolf Hitler and the 1936 Olympic Games in Berlin, started a career as a photographer. This exhibition features a selection of Riefenstahl's photographs. Main themes in her work are Africa and the underwater world; to Oct 8

NEW YORK

EXHIBITION
MoMA - Museum of Modern Art, New York Tel: 1-212-708-9400
● From Bauhaus to Pop: Masterworks Given By Philip Johnson: exhibition on the occasion of the 90th birthday of architect Philip Johnson, honouring seven decades of contributions by one of the MoMA's most dedicated supporters. The show features paintings, sculptures and drawings, as well as posters, design objects, and architectural models and drawings. Johnson has also organised a special installation of works in The Abby Aldrich Rockefeller Sculpture Garden, the space he designed in 1953; to Sep 3
● The Metropolitan Museum of Art Tel: 1-212-879-5500
● Winslow Homer: retrospective exhibition featuring about 180 paintings, watercolours and drawings by the 19th century American painter. The display, giving an overview of Homer's work in more than 20 years, is organised chronologically in thematic groupings that include depictions of the Civil War and rural America in the 1870s; to Sep 22

OSLO

THEATRE
Nationaltheatret Oslo Tel: 47-22-41640
● The Royal Orispring: by Ibsen. Directed by Torm Hauge and performed by the National Theatre. Part of the Ibsen Festival; 7.30pm; Aug 30

PARIS

EXHIBITION
Fondation Cartier pour l'Art Contemporain Tel: 33-1 42 18 56 50
● Comme un Oiseau: this exhibition explores the universe of birds as seen through human eyes, from some of man's earliest art to the most recent experiments in contemporary art. Artists represented include Paul Gauguin, Gonzalez-Torres, Basquiat, Gabriel Orozco, Brancusi, Calder, Tinguely, Magritte, Miró and Zadkine; to Oct 13
● Musée du Louvre Tel: 33-1 40 20 50 50
● François 1er par Clouet: exhibition focusing on two portraits of François I in the collection of the Louvre. The display tries to answer the question who painted these portraits: Jean Clouet, his son François or his brother Paul. Included in the exhibition are sketches by Jean Clouet and works by contemporaries of the Clouet family; to Aug 28

SINGAPORE

CONCERT
Victoria Memorial Hall Tel: 65-3381230
● Singapore Symphony Orchestra: with conductor Gastano Delogu and pianist Nikolai Demidenko perform works by Smetana, Beethoven and Dvořák; 8.15pm; Aug 30, 31

STUTTGART

EXHIBITION
Städtische Galerie Stuttgart Tel: 49-711-2124050
● Barnett Newman. Die Druckgraphik: exhibition featuring the complete graphic oeuvre of the American artist Barnett Newman (1905-1970), founder of the New York Abstract Expressionism. Like his paintings Newman's graphic work, created in the 1960s, is characterised by monochrome colour fields and vertical stripes; to Sep 8

UTRECHT

CONCERT
Jacobijnen Tel: 31-30-2362236
● The Tallis Scholars: with conductor Peter Phillips perform 16th and 17th century English psalms. Part of the Festival van Oude Muziek; 10.45pm; Aug 30

VIENNA

EXHIBITION
Palais Liechtenstein Tel: 43-1-3178900
● Erò: From Mao to Madonna: retrospective of this legendary figure of European Pop Art, Object Art and Action Painting. The exhibition features about 90 large-format paintings spanning a 30 years period; to Sep 8

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CHESS

Chris Ward, aged 28 from Kent, won the British Championship at Nottingham last week, but must have had mixed feelings. He scored an impressive 9/11, but must wait to learn whether next month's Fide congress awards him the grandmaster title.

Young players did well: Jonathan Parker, a student, was runner-up while Luke McShane, 12, just missed a record-breaking master score.

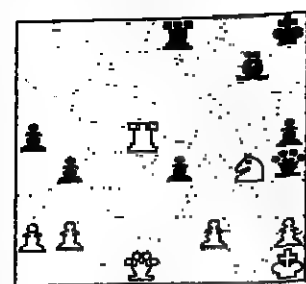
Top seeded Matthew Sadler finished only fourth, but his best win showed how grandmaster subtlety can undermine an apparently solid pawn barrier (M Sadler v M Ferguson).

1 d4 d5 2 c4 c5 3 Nf3 Nf6 4 Nc3 dxc4 5 e4 Bf5 6 Ne5 e6? Naf or Nbd7 are solid. 7 f3 Bb4 8 e4 Bxd4 9 fxd4 Nxd5 10 Bd2 Qxd4 11 Nxd4 Qxd4+ 12 Qe2 Bxd2+ 13 Kxd2 Qd5+ 14 Kc2! A recent improvement over 14 Kc3.

Naf 15 Nxc4 0-0-0 16 Qe3 Kb8 17 Be2 Ks8 If Qxg2 18 Rhg1 Qxh2 19 Rg7 with advantage. 18 g4 Qd7 f6 is last chance for active play 19 Ra1 Nb4+ 20 Kf1 Nd5 21 Qd3! GM strategy to control dark squares and support a pawn advance to a8.

Qc7 23 a5 Kb8 23 a6 b6 24 Bf3 Rb8 25 Rhel f6 26 Qb3! Back to the light squares, planning a sacrifice on d5. Ks8 27 h4 b5 28 Ne3 Qa5 29 Nxd5 exd5 If cxd5 30 Rxd5 exd5+ 31 Rd1+ 31 Qxd5+ 31 Rxd5 33 Rxe8+ and mates. 30 Rxe8 Rxe8 31 Rxd5! Kb8 If cxd5 32 Qxd5+ mates. 32 Rd6 Qxd6 33 Bxc6 Re1+ 34 Kc2 Kc7 35 Rd7+! Resigns. If Kxc6 36 Qd5+ wins.

No.1.142



V Anand v E Lobron, Dortmund 1996. When the game appeared in the tournament bulletin, readers complained that White's final move was an obvious misprint. What did Anand play?

Solution, Page 11

Leonard Barden

BRIDGE

As a defender, you should hurry to take tricks only when dummy contains a long suit, on which the declarer can pitch losers. Otherwise, you should defend as safely as possible. This is a basic axiom, but it is a fine foundation.

W N E
♠ Q J 10 5
♥ A 8 4 2
♦ 2
♣ J 9 8 2
♠ A 4
♥ Q 10 7 5
♦ A Q 7 6 4 3
♣ 3

South opened 1S, West overcalled 2D, and North bid 3S. South had no reason to bid 4S, but he bid it anyway. West led 3S, which ran to East's Q8, and South's Ace. Declarer continued with 10S, West discarding 7S, and East won with K8. What should

East do now? He should ask himself some questions. Why declarer returned clubs, despite the risk of an adverse ruff? And, more importantly, why has he not started to ruff diamonds in dummy surely his most pressing task? East should take the logical inference: the declarer is in a hurry to make a discard, and he has not got time to draw trumps, or begin his other plans until this is achieved. The only suit in which he could want one quick discard is hearts and so, at trick three, East must switch to a heart, despite having to lead away from K♥.

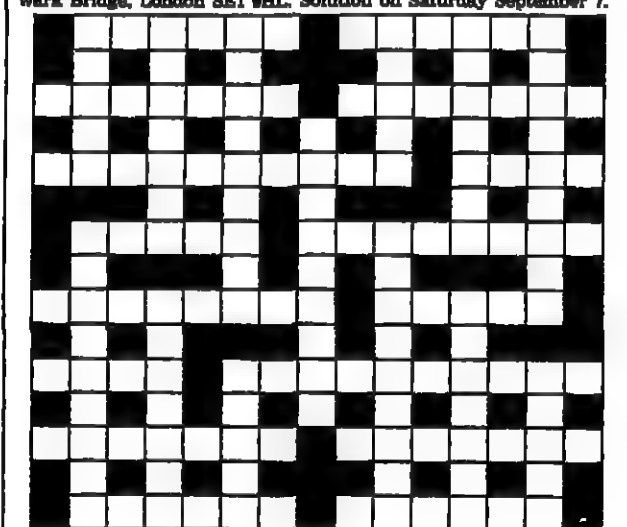
Dummy's A♥ will win, but South cannot pitch his heart loser on the winning club without West trumping in low. If East tries 94, West can win and switch to a heart, but a passive trump or a tempting third club would both prove fatal.

Paul Mendelson

CROSSWORD

No. 9,155 Set by CINEPHILE

A prize of a classic Palsson Sovereign 500 fountain pen for the first correct solution opened and five runner-up prizes of £25 Palsson vouchers. Solutions by Wednesday September 4, marked Crossword 9,155 on the envelope, to the Financial Times, Number One Southwark Bridge, London SE1 8UL. Solution on Saturday September 7.



Name: _____
Address: _____

Method: Solve the clues and enter them in the diagram crossword-wise, wherever they will go.

A The enemy puts an identifying label on a single saint (10)
B Poles get drinks, we hear (5)
C The common man in colour (5)
D Little girl has caught cold, which is infectious (6)
E Attractive girl embracing a member of Tory fairly left-wing (7)
F Concentrating on large number in terrible need (9)
G Blood loose in marsh (6)
H Fast device, unfinished, relating to the inside (7)
I Scold Henry and Daniel? (8)
J Involve devil with witch's companion in falsehood (8)
K Orleansist who was staked (4,2,3)
L The common man sounds hers (5)
M Among friends half a score is beat on play (8)
N Short year, short time, made spring (6)
O Girl outside American city gets fever (7)

Solution 9,154

Across: 1. PALSSON, 2. BLOOD, 3. HENRY, 4. DANIEL, 5. COMMON, 6. FEVER, 7. DEVIL, 8. WITCH, 9. NEED, 10. SAINT, 11. LABEL, 12. POLS, 13. HEARS, 14. LEFT, 15. CONCENTRATING, 16. BLOOD, 17. UNFINISHED, 18. INSIDE, 19. SCOLD, 20. INVOLVE, 21. FALSEHOOD, 22. ORLEANSIST, 23. STAKED, 24. COMMON, 25. SOUNDS, 26. BEAT, 27. SHORT, 28. SPRING, 29. GIRL, 30. FEVER.

Down: 1. PALSSON, 2. BLOOD, 3. HENRY, 4. DANIEL, 5. COMMON, 6. FEVER, 7. DEVIL, 8. WITCH, 9. NEED, 10. SAINT, 11. LABEL, 12. POLS, 13. HEARS, 14. LEFT, 15. CONCENTRATING, 16. BLOOD, 17. UNFINISHED, 18. INSIDE, 19. SCOLD, 20. INVOLVE, 21. FALSEHOOD, 22. ORLEANSIST, 23. STAKED, 24. COMMON, 25. SOUNDS, 26. BEAT, 27. SHORT, 28. SPRING, 29. GIRL, 30. FEVER.

WINNERS 9,143: A. Cowan, Leatherhead, Surrey; J.D. Burns, Harrogate, N. Yorks; Miss E. McNeill, East Kilbride, Glasgow; Joan Macpherson, Edinburgh; D. Macpherson, Costa, Folkestone; Kent; J.P. Richardson, Steeple Claydon, Bucks.

مكتبة الامم



James Morgan

Why Britain needs American MPs

US citizens show remarkable equanimity, behaving like Britons are supposed to but never do

There ought to be an American party to contest the next election in Britain. In the row about Europe, the US enters the debate as an example to us all, far superior to the sclerotic Euro-model. Michael Thompson-Noel toys with such ideas at the foot of this page.

The thought was reinforced by a letter the other day in this paper from John Townsend MP. He argued that the US, among others, showed how low public spending was the basis for economic dynamism. If Britain followed the example, it too could enjoy economic success.

Townsend omitted to note that government spending in the US

is low because health care is largely privately financed. Many may believe that if Britain was to privatise its health service the country would immediately become a north-west European tiger, if it is not already, but others will be sceptical.

How much can one learn from the Americans? British politicians answer "a lot" and so make frequent pilgrimages across the Atlantic to study success in diverse areas of social policy. They come back talking about "boot camps" and "three strikes and you're out" which few understand.

This reflects the fact that any attempt to Americanise Britain faces severe cultural problems,

as I had reason to discover on an exciting American Airlines flight to Dallas-Forth Worth nine days ago. At least it should have been nine, but was actually eight days ago. The extra 24 hours provided a laboratory to show how different Americans are under stress.

For one thing they show remarkable equanimity, behaving exactly like Britons are supposed to but never do. I asked one, when we were compelled to queue for the umpteenth time outside the passenger lounge, why no one complained. "I would not wish to be seen as an insensitive American throwing his weight about in someone else's country," the smartly dressed man replied.

A study of the passengers yielded interesting results. Britons read novels with titles such as *Private Parts* written by lubricious young women. The Americans read the Bible. And not just read it, but underline and record key passages. A girl student cross-referenced her copy of the good book with another entitled "How to Become an Excellent Woman".

Once airborne, a pilot gave us the details of all that had gone wrong. There had been no back-up system after a repair had been effected to some hydraulic part the previous day. "The plane was airworthy but we could not fly it," he said. There was a moment's hesitation

before he unexpectedly concluded: "I apologise to you all for the apparent calamity."

Picking up a complimentary copy of the *Wall Street Journal* I read its 14th article of the week on how tax cuts would unleash the full vigour of the nation's economy. No matter where income tax currently stood, there were huge gains in terms of growth and revenue to be gained from cutting it still further. This was because the "most productive and successful" citizens would devote themselves more energetically to maximising their incomes to the consequent benefit of society.

"Productive and successful" in American means "rich". (This is

not always so in European languages.) One has to assume the *Journal* knows what it is talking about: further tax cuts will inspire weary chief executives to fire more of their labour force because their hard-earned share of the savings would now be really worth having. Californian lawyers will free themselves from their self-imposed bonds and find new fields of tort and litigation. Bill Gates will stir himself to concentrate more effectively on promoting the interests of Microsoft.

The benefits of tax cuts are plainly, therefore, enormous. But, one fears, only in America. James Morgan is BBC World Service economics correspondent.

Peter Aspden Money, art and adverts



It should surprise no one that Maurice Saatchi, the advertising tycoon with the golden touch, should be awarded a peerage in the government's latest honours list. And it is not, let us be clear, just a matter of political payback.

We happily dole out honours to artists, writers, musicians of questionable talent. But when it comes to the fickle, mercenary skills of the advertising guru, we come over all covet and patronising. Fabric service? The man who painted demon eyes all over the wholesome, acceptable face of the Labour party?

We must not allow nostalgia and indignation to blind us to the facts: advertising is the supreme art form of our age, and Saatchi one of its most skilled practitioners. The art of the advertisement is not often derided as negligible and unimportant, a throwback to the material excesses of the 1980s which, it is hoped, will gradually fade away.

But it is not as simple as that. Advertisers tell us more about ourselves than we would like to know. They glorify the art of selling; we revel in the art of shopping. It is a perfect symbiosis of desires. But there is more to them than that. On the screen, these condensed masterpieces, some no more than 10 seconds

Intriguing to see the Wonderbra campaign run into trouble in Mexico

long, manage to be well-crafted, slick, subtle, allusive. On billboards, they hit home with brutal brevity.

Advertisements delight in courting controversy. They have taken the place of religion and the finer arts in bringing mass attention to areas of life rarely discussed in the open. Demonic imagery is but the latest example. Aids, racism, sexism: all these concerns have been toyed with in campaigns which aim to sell us something different.

Those who criticise the motives of the advertisers miss the point: the distinction between commercial propaganda and pure art, between the sordid drive to make money and the noble aspiration to express oneself, has virtually broken down over the 20th century. On which side of the great divide does one place Andy Warhol, or Damien Hirst, or Steven Seidenberg?

Nor should advertising be rubbished for its minimal content, its wispy, ephemeral nature. True, it takes but a couple of seconds to think of a killer slogan for a billboard. But "A rose is a rose is a rose" is not exactly the *Mad*. Any art for the late 20th century has to be concise, to the point, rudely brief. It is the nature of the age.

Critics of the culture of advertising point to one more telling deficiency: that its global, all-embracing nature is insensitive to local culture and turns into a monolithic celebration of capitalism. But how wrong they are.

I was intrigued to see the infamous Wonderbra campaign, featuring the indubitable assets of Eva Herzigova, run into a spot of trouble in Mexico, when what was described in this paper as a "palanquin of angry matrons" demonstrated against the frankness of her image on the billboards.

The semi-nude Herzigova has subsequently been clothed, but what struck me was the line she was given to address passing motorists: "I like what you are thinking." This brazen message is a long way from Britain's more humorous "Hello Boys!" or "We've been apart too long", thereby speaking volumes of the two countries' cultural differences. If I were an angry matron, it would be Eva's lines rather than her curves that upset me.

But smutty Britain can be pretty puritanical, too. Its billboard companies have refused to show Benetton's latest poster, which shows a black horse mounting a white horse, on the grounds of poor taste; yet it will be seen all over France, Italy, Germany and Spain.

Thus another skill of the advertiser is brought into play: knowing exactly how much he or she can get away with at any time, in any place; and occasionally going that little bit further. It used to be the province of the Picasso, the Stockmans, the Fellinis. But most art has long since eared in to money; how apt that an invitation to spend yet more money should turn into an art of its own.

Private View Celebrity chef with a message

Christian Tyler asks Raymond Blanc what is at the heart of his craft

The men in white coats worked quickly, exchanging hardly a word. They moved round the kitchen with the precision of a team of top-flight surgeons performing an emergency operation on a head of state. A bronze bust of their chef patron gazed down on the silent hubbub.

Beyond the swing doors, the scene was instantly tranquil. Middle-aged diners affected nonchalance as exquisite concoctions from the kitchen tumbled on to their tables. Couples giggled at the outrageous luxury of the dishes swooning on their plates.

The only fly in the soup was the businessman in the far corner who was loudly boring another businessman with "product profiles" and "bottom lines". Outside, down by the Japanese water garden, the boyish chef, patron of Le Manoir aux Quat Saisons in Oxfordshire sat on a bench in the late evening sun and discoursed on the joys of sensuality.

Raymond Blanc, the one-time waiter from Besancon, belongs to a new breed in Britain, the celebrity chef. From his books, articles, television shows, magazine photos, friends and flatterers, the self-taught cook and self-made man is known to thousands of people who will never taste a mouthful of his food.

He is not averse to a little exaggeration.

When I ventured to suggest that chefs were in danger of taking themselves too seriously, he lit up. This was a game he knew how to play.

"Are you implying that chefs were always rogues who should stay in their depressing stainless steel kitchens full of neon light and tiles, basically people with frontal lobotomies who couldn't utter two words or two thoughts together without falling apart?" The reply came out in one breath.

I opened my mouth, but Blanc was too quick.

"Food has never been part of your culture as such. You shove it aside. Whereas the French, even the Germans..."

"The Germans?"

"Yes, even the Germans have always revered the table. Not only in the sense of sensual enjoyment - Oh, my little belly! All I yearn is for you! - Nothing like that. No, no! It's a place

where you share, you have fun, you hate, you love, an exchange of souls, of communication."

He was getting up to speed and wouldn't be stopped.

"English is the most versatile and refined language for describing sunsets and so on. In the world of food it is the most primitive, barbarian language. Everything is stuffed, thrown in the oven. It's terrible!"

Why did you come to England if it was such a barbaric place? "Just to learn the language. I heard a lot about sex, good rock-and-roll, and so on. I didn't know so much about the food. I discovered pretty quickly when I took the ferry."

But he stayed; and his English, though delivered in an almost comically French accent, has an artless fluency which flies over all syntactical hurdles.

I tried to bring him to earth. Is a chef more than just a cook? In reply, Blanc sketched Britain's lamentable gastronomic past: the "indures" who ended up as chefs, without stamina or creativity, the waiters who were treated worse than animals.

Jumping to his feet he imitated the surly type who used to stand in a corner ignoring the customers and the subservient type who cringed and fawned at the table.

He described "horrible, very masculine restaurants serving this 'horrible grey beige food' while the diners talked about the weather and other non-taboo matters. (Some of the English *haute bourgeoisie*, he conceded, ate quite well at home.)

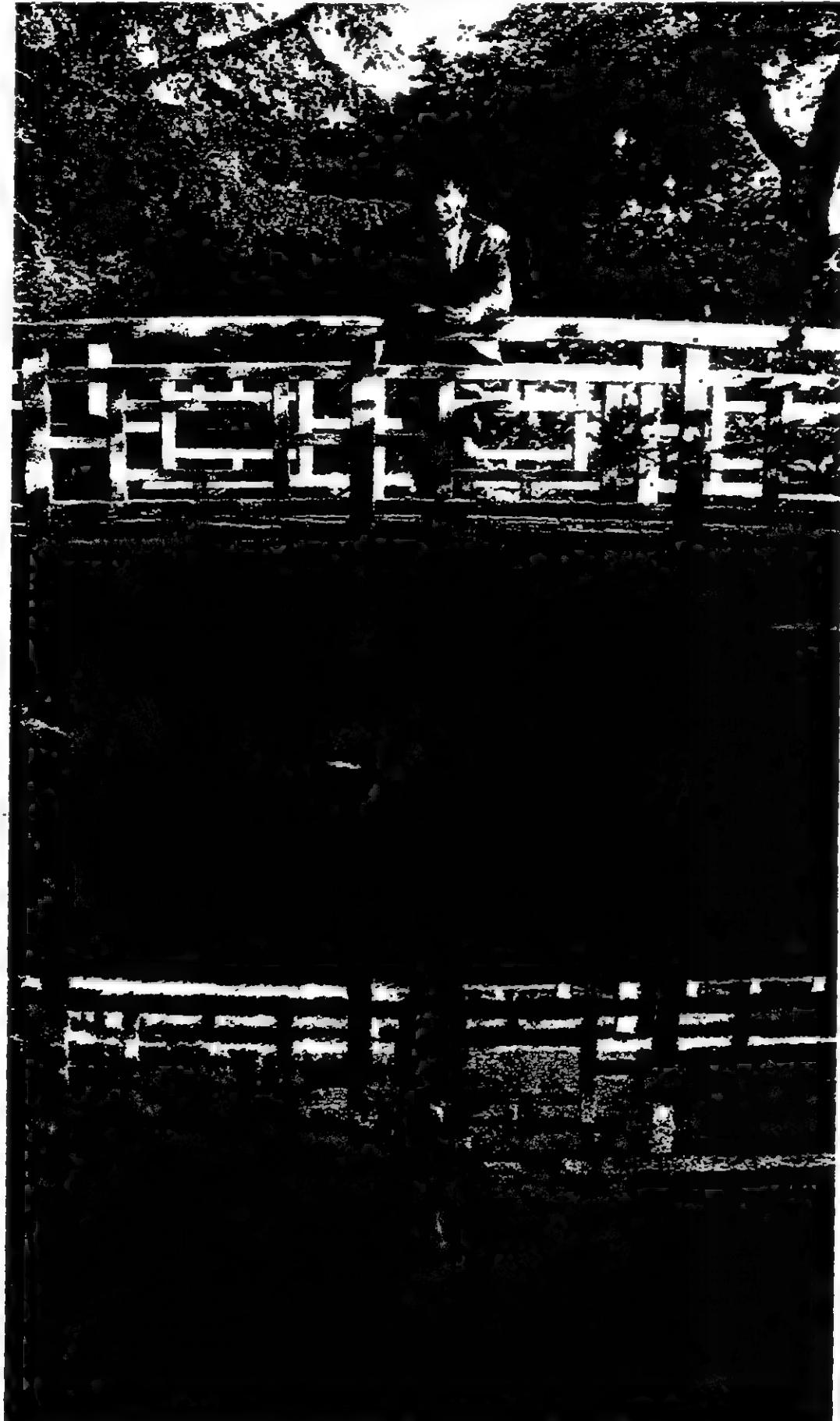
The revolution occurred with the arrival of *nouvelle cuisine*, replacing the Escoffier tradition which had become "full of cream, butter, fat and flour, too rich. People were dying, falling off their chairs."

At first, he said, the new style fell into the wrong hands - "people cooking like Salvador Dali painted, when someone who mixed raspberries with turbot was called a genius" - but it remained the basis of today's health-conscious menus.

Chefs were justified in their celebrity if they had "a message", Blanc said. If not, they became victims of a silly charade egged on by the media - "because you love, don't you, controversy?"

I hope we're not encouraging violence in the kitchen, I said.

"That's a separate problem. It's a very tough environment: very little daylight, lots of pressure,



Raymond Blanc: "In the world of food English is the most primitive, barbarian language"

lots of heat, lots of proximity and speed and perfection. Put all the ingredients together and believe me, anyone could turn violent, or at least have some violent thoughts."

"We have not trained chefs to be managers, and that's a problem. They are essentially craftsmen. They are essentially craftsmen. They are essentially craftsmen."

He, and others like the Roux brothers and Anton Moscatello, had shown that the craft could become an art.

So chefs rank alongside musicians and other such artists?

"Look, there are some great musicians and some piss-artist musicians. There are some great

chefs and some piss-artist chefs. We all have our own identity, our own expression. And what do you want to categorise us? What defines an artist? What is art?"

Is cooking for you an intellectual activity - even a philosophical one?

"The heart of my craft certainly is taking a few products from the earth and sea and blending them together. I couldn't leave it like that, if it was not for the act of giving - and that was taught very early by my mother who in every ladle of soup put lots of care."

"To make love to my baby tur-

bot or look at cuisine through my lamb cutlets has got no interest for me," he added mysteriously.

"Yes, there is many other connotations - working to the place, to the most beautiful, the most heavenly environment conducive in creating another reality for my guests to come... another dimension, conducive to joy..."

He seemed to be spinning out of control.

Is the pleasure you are pushing people towards all about sex?

"One critic said chefs made love to their food. All that we want is to get stuffed and then get f---." At this point Blanc's

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Michael Thompson-Noel

Perot joins the coffee set

Britain's election is about to gain a candidate with attitude

I was at home the other evening, listening to a new CD, when that pest Ross Perot called. If it hadn't been for that CD, I doubt I would have been in a fitting mood to handle the little man, but I just about managed it.

The disc called *Espresso*: a compilation of *musica para grupo de cafe* - music for the coffee set. It was probably put together expressly for people who live in Notting Hill, London's coolest, hippest neighbourhood. On Friday and Saturday nights, people who live in bleary lesser neighbourhoods drive to Notting Hill to see how cool we are, and return home broken, knowing, from what they have witnessed, that cool they will never be.

This new CD, *Espresso*, probably has too much Xavier Cugat and Serge Gainsbourg for some folks' taste, but I can handle it, mainly because there is quite a lot of James Last, The Gimmicks

and Ray Rivera, whose *Bend Me, Shape Me* - one of my all-time faves - was playing when Perot called from his deep-level bunker in Wyoming.

"Hiya, Mr Perot," I said pleasantly. "This is really cool."

"I hope you're not smoking grass," said Perot. "You sound stupefied to me."

"No," I said. "Not. Though this is Notting Hill. There is more grass round here than in half of Wyoming. But no, as it happens, Not."

I have known Perot since 1992. I met him in Vail, Colorado. Perot told me he had heard that I

shared his fascination with technology and teledemocracy - all that online stuff. Then he gave me \$35,000 and put me on the Committee to Elect Ross Perot. It appears I am still on it.

"I'm calling," said Perot the other night, "to see what you're doing to help my election campaign. I pay you good money, boy."

As he spoke, there was a series of sharp clicks.

"Ignore them," said Perot. "That's Nate saying games."

When I call anybody in America I have to contend with the CIA, FBI and Nasa. If I call Europe,

Nato listens in. So I'll just activate the deactivator, and - there we are, that's better."

I told him I wasn't doing very much at all to help his election chances in November.

"Then you'd better start firing," said Perot. "A gunslinger like you - a cross-draw specialist, expert with a shoulder holster - ought to be poppin' out some bull's-eyes."

"What do you suggest?"

"Well," said the little man, "I read in your paper the other day that Europe now has more rich folk than North America. Europe's got 1.7m individuals

who each have more than \$500,000 in financial assets, controlling an estimated combined \$4,700bn, compared to 1.6m in North America controlling \$4,500bn."

"That's a lot of dough. Yet you Europeans aren't buying your share of American goods. America makes the best of everything. Cars, computers, satellites, food-stuffs, fashionwear, the strings, tongue oil, toilet paint, tornado juice, whistle berries, twishorns, Texas wing chaps, stolies, strawberry reins, stock saddles, snafle bits, smoke poles, sombreros, skunk eggs, stickers."

"In addition, America has trillions worth of military hardware aimed at the heart of Europe, to stop you savages tearing each other apart. Yet you deal among yourselves. You spend so much time transporting shoddy home-made goods from one corner of Europe to another that you're practically cross-eyed."

I said: "We watch a lot of Hollywood trash, Mr Perot. Europe's languages are dying because of Hollywood trash. Welsh is slipping from us. It will be French and German next."

"What does Welsh sound like?" asked the man who would be president.

I said: "A lot like Apache."

"There you are," he said. I said: "It strikes me, Mr Perot, that rather than contest the American election in November, you'd be well advised to visit Britain and contest our election. You'd do remarkably well. We're as plucked as you are."

WEEKEND INVESTOR

Current takeover bids and mergers

Company	Value of bid (£m)	Current price (£m)	Price before bid (£m)	Notes
Automated Security	40	38	31	AUT
Cardcast	95	95	95	Cardcast
Continental Fds	100*	103	80	CF Holdings
Do. Warrants	23*	23	18	CF Holdings
Environ	82.5*	80	36	Latarge
HCS Lloyd	124	120	112	Benfield & Rea Int
Innovations	310*	328	212	Burton Grp.
Le Crouzet	203*	201	177	Cliden
Lucas Inds	(1)	239%	231	LucasVerity
Maclean-Glenville	152.5*	158	187	Highland Dist.
Motor World	300	280	220	Realist
Nelson Cobbold	372*	340	415	Rathbone
Pelican Grp.	170*	169	145	Whitwell
Rainford	330*	335	315	Rathbone Hedges Inc
Reveron	120.5	120	102	Rosebys
Suter	225.5	227	187	Ascent Hedges
Utd. Friendly S	848	804	734	Peelings

Prices pence unless indicated. *All cash offer. SFR capital not already held. † Unconditional. *Based on lunchtime prices 23/8/96. ‡ Shares and cash. (1) Scheme of arrangement. † Includes 45p Special Dividend.

Bids/deals

GWR steps up radio consolidation

The consolidation of Britain's radio industry took a further step this week with the £71.5m recommended offer by GWR Group for the 82.8 per cent of Classic FM it does not already own, writes Geoff Dyer.

As part of the deal, brought about by the more liberal provisions of the 1996 Broadcasting Act, EMI Group is making its debut in radio, taking up 10 per cent of GWR. Peter Michael, a Classic FM founder, will hold 7.5 per cent.

The battle for control of Kleinwort European Privatisation Investment Trust (Kepit) stepped up a

gear yesterday when TR European Growth (Treg) improved its £500m hostile bid.

Treg, an investment trust managed by Henderson, first moved in July to liquidate Kepit and return the asset value to shareholders. The improved offer yesterday came mainly through its proposal to cut its fee on the deal by 0.25 per cent.

The Kepit board recommended shareholders to reject the revised offer. Ten other financial houses have put forward rival plans during the past month to take over or restructure the management of Kepit.

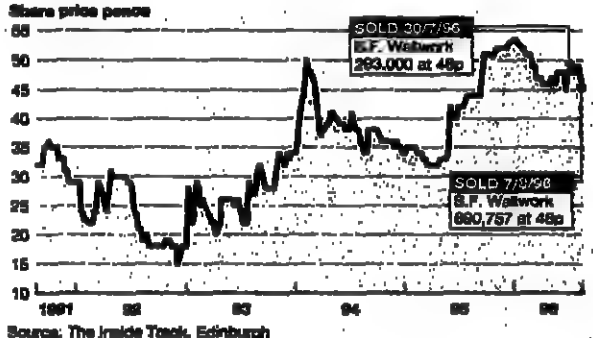
Directors' share transactions in their own companies August 12-16 1996

Company	Sector	Shares	Value (£000)	No of directors
SALES				
Berkley Group	BCon	1,906	11	1
Bradford Prop	Prop	87,000	166	1
Capita Group	SSer	80,000	284	3
Greggs	RetF	5,000	65	1
Hambros	MBank	25,000	93	1
Neopend	Eng	690,757	318	1
Perpetual	OTHF	100,000	2300	1
Regal Hotel Group	L&H	51,850	30	1
Utility Cable	BCon	650,000	130	1
Anglian Water	Watr	14,257	83	1
Boots	RetG	40,000	248	1
NatWest	Bank	137,795	860	1
Regal Hotel Grp.	L&H	73,868	43	1
Thorn EMI	Media	141,725	2516	1
Unigate	FDPr	183,188	790	1
Vercon Int	Eng	320,000	65,000	1
WPP Group	Media	857,143	1,933	1
Yorkshire Elec	Elco	228,546	1,884	4
PURCHASES				
Barbour Index	Media	90,000	190	1
Break for the Bond	Brow	45,000	21	1
Brit Bloodstock Assn	Eng	72,000	72	1
Bulworth	Eng	24,000	18	1
Cardiff Prop.	Prop	6,000	11	1
Carlisle Group	Prop	112,700	88	1
Conrad Ribbit Sinc	Prop	65,000	197	4
Dowson Int	Tact	87,359	89	1
Emess	Elco	31,000	10	1
Emess 55	Elco	177,273	148	1
Eucledon	News	30,000	32	1
Indonit Insurance	Insur	249,000	1	2
JOC Int plc	Elco	65,000	88	1
Mountcashel	OTHF	75,000	78	1
Quadrant Group	Eng	800,000	48	2
Rank Organisation	L&H	32,500	144	1
Zofaforms	Chem	23,082	45	3

Companies must notify the Stock Exchange within the working days of a share transaction by a director. The list contains all transactions listed and listed, including sources of options (1) if 100% subsequently sold, with a value over £10,000. Information released by the Stock Exchange. Shares traded are ordinary, unless otherwise stated. † Shareholder Shares. † Delisted. Source: The Inside Track, Edinburgh, 0131-638 7070

Neopend

Executive director Steve Walker took more profits with another sell, this time of 690,757 shares at 45p, leaving him with 59,187 shares.



Source: The Inside Track, Edinburgh

Results due next week

Company	Sector	Announcement date	Last year interim	Dividend (p)	Final	This year interim
FINAL DIVIDENDS						
Bentley Hunter	ENR	Wednesday	2.70	7.40	2.3	
Capitol Int. Tel	INTL	Wednesday	1.20	1.20	0.30	
Intelsat	INTL	Wednesday	0.28	0.80	0.30	
Isobon	INTL	Thursday	1.93	3.42	2.81	
Joe Hedges	INTL	Wednesday	3.36	4.875	3.33	
Photo-Ale Int.	SPV	Friday	1.30	3.36	1.80	
Smith (WH)	INTL	Wednesday	0.25	16.40	0.25	
Stoves	ENR	Wednesday	-	-	1.70	
Survey Free Int	AM	Wednesday	-	-	-	
INTERIM DIVIDENDS						
Amoco	ENR	Thursday	3.25	6.25	-	
Bentley Group Ltd.	INTL	Friday	-	-	-	
British	ENR	Thursday	1.375	3.025	-	
British Agents Tel	INTL	Friday	1.57	1.7388	1.3388	
Carm Energy	ENR	Thursday	-	-	-	
Caledonian, TSB	ENR	Thursday	-	-	-	
Clydesdale	INTL	Friday	1.4	3.0	-	
Corbourn	ENR	Wednesday	-	-	-	
OrbitaCar	ENR	Wednesday	0.29	0.88	-	
Daneseck Hunter	ENR	Wednesday	2.4	3.6	-	
Gibbs & Dandy	ENR	Wednesday	1.4	2.1	-	
Guinness Flight Extra	INTL	Thursday	1.75	-	-	
Guinness Post	INTL	Wednesday	-	-	-	
Johnson Press	INTL	Wednesday	0.75	1.5	-	
Irish Permanent	INTL	Thursday	0.006	0.07	-	
Keller	ENR	Thursday	-	-	-	
Ladbroke Group	INTL	Thursday	2.4	3.5	-	
Lopez	INTL	Thursday	-	-	-	
Macfarlane Grp	PPFP	Friday	1.4	2.5	-	
Parabank	INTL	Thursday	-	-	-	
Provident Financial	INTL	Wednesday	11.0	17.0	-	
Reckitt & Colman	ENR	Thursday	7.08	12.5	-	
Reflex	INTL	Thursday	-	-	-	
Ross-Royce	ENR	Thursday	2.0	2.0	-	
Sanderson Brannell Motor	INTL	Thursday	1.33	2.87	-	
Serra Group	INTL	Thursday	1.48	3.25	-	
Slough Estates	INTL	Thursday	3.1	8.4	-	
Sunleigh	INTL	Thursday	-	-	-	
UK Safety	INTL	Thursday	0.8	-	-	
Whitcomb	AM	Thursday	-	-	-	

*Dividends are shown net pence per share and are adjusted for any intervening scrip issue. Reports and accounts are not normally available until about six weeks after the board meeting to approve preliminary results. † Irish currency. ‡ Quarterly.

Last week's interim results

Company	Sector	Half year to	Pre-tax profit (£000)	Interim dividend per share (p)
Alliance	INTL	July	234.34 (521.38)	17 (18)
Apex	ENR	Jun	33,800 (21,200)	5.3 (4)
Boley (Bent)	BAC	Jun	116 (103)	0.3 (0.3)
Capital East	INTL	July	115.8 (74.3)	-
Consolidated	PPFP	Jun	8,598 (7,850)	2.38 (2.17)
Colongue	ENR	Jun	809 (1,380)	1.5 (1)
Cassini Property	BAC	Jun	730 (1,170)	1.45 (1.45)
Dawsongroup	ENR	Jun	4,386 (5,430)	2 (2)
Dunedin Int & Sinc	INTL	July	701.4 (725.2)	8.55 (8.1)
Essex Highway	ENR	Jun	7,235 (6,230)	5.8 (5.2)
EW Fast	ENR	Jun	822 (273)	0.9 (0.9)
Glencorby	ENR	Jun	338 (110)	0.45 (0.30)
Goldsmiths	ENR	Jul	84 (493)	2.4 (1.2)
Greenley	ENR	Jun	4,990 (6,370)	2.7 (2.7)
Guernsey	INTL	July	10.1 (88.5)	0.725 (0.655)
Harold	INTL	July	180.8 (104.38)	-
Hickson	ENR	Jun	13,036 (18,230)	3.1 (2.5)
Hydra Int	ENR	Jun	888 (1,200)	-
Jupiter Int Green	INTL	July	68.2 (89.5)	1.7 (1.7)
Kerry	PPFP	Jun	33,028 (14,000)	1.285 (1.1)
Marnes & Marnes	AM	Jun	388 (877)	-
Murray	ENR	Jun	83,260 (24,100)	2.1 (2.1)
Murray Docks	INTL	Jun	12,000 (14,000)	4 (3.5)
Orange	ENR	Jun	125,205 (88,200)	1.4 (1.4)
Pope (Michael)	ENR	Jun	14,000 (7,800)	2 (1.1)
Pemberton	ENR	Jun	1,130 (-)	1 (-)
Perry	ENR	Jun	4,086 (2,980)	3.25 (2.5)
Quilley	ENR	Jun	2,760 (2,360)	2.75 (2.5)
Rentech	ENR	Jun	154,595 (84,200)	1.45 (1.23)
Richardson West	ENR	Jun	2,480 (2,360)	1.4 (1.4)
Shorro	BAC	Jun	412 (213)	2 (2)
TR High Income	INTL	Jun	138.42 (122.3)	1.8 (1.8)
Telcaro	ENR	Jun	8,880 (9,970)	1 (0.9)
Taylor Nelson	ENR	Jun	4,008 (3,990)	0.38 (0.35)
Torday & Carles	ENR	Jun	574 (521)	-
Upstart	ENR	Jun	3,210 (919)	2.5 (-)
Waco	PPFP	Jun	4,218 (13,000)	1.85 (1.85)
Wor	ENR	Jun	19,308 (20,208)	2.31 (2.2)
Whitman	ENR	Jun	8,220 (4,800)	4.6 (4)

Figures in parentheses are for the corresponding period. *Dividends are shown net pence per share, except where otherwise indicated. † Gross. ‡ Net asset value per share. † With cents and pence. ‡ US dollars and cents. † 15-month figures against 12-month figures. ‡ 33-week figures. † 24-week figures.

Last week's preliminary results

Company	Sector	Year to	Pre-tax profit (£000)	Earnings per share (p)	Residuals per share (p)
Art & Design	INTL	Jun	1,480 (1,188)	22.5 (19.2)	7.2 (6.8)
Bentley	ENR	Jun	27,488 (26,000)	13.8 (8.7)	5.5 (5.8)
Bentley	ENR	Jun	2,676 (2,000)	-	-
Bentley & Jackson	ENR	Jun	14,888 (12,888)	-	-
Forrest	ENR	Jun	11 (200)	-	-
Forrest	ENR	Jun	22.5 (22.5)	2.8 (3.47)	6.4 (6.1)
Forrest	ENR	Jun	288.38 (185.17)	215 (217)	-
London St. Lawrence	INTL	Jun	-	-	6.38 (6.28)
News Int.	ENR	Jun	415,880 (778,700)	23.16 (33.69)	1.88 (2.24)
Olympian	ENR	Jun	888 (201)	-	-
Synodica Capital	INTL	Jun	108.2 (1.02)	3.19 (3.74)	2.75 (2.75)
Waco	PPFP	Jun	188 (188)	2.4 (-)	-
Zargo	AM	Jun	215 (12)	-	-

New issues

Thistle goes public

Thistle, the UK's second largest hotel company, this week unveiled its plans for a public listing which is likely to capitalise the company at more than £1bn, writes Christopher Price.

It aims to raise between £500m and £700m in an offer to both institutional and private investors. Of this, £250m will be new money which will be used to reduce Thistle's £638m of debt.

A book-building exercise - where investors apply for shares - is planned for September, with the flotation likely early in October.

The float gives investors a second chance to consider the hotels market following last week's announcement

that Lough's Princess Metropole hotels group, valued by analysts at \$800-2700m, is planning to list.

The two companies are likely to join the market only a week or so apart.

Thistle reported half-year pre-tax losses of £63.7m (£12.7m profit) after an exceptional £87.5m write-down of hotels and development sites. Operating profits rose 23 per cent to £51.5m and turnover increased by 12 per cent to £146m for the 28 weeks to July 14.

The company used to be called Mount Charlotte Investments. It was bought in 1990 by Brierley Investments, the New

Zealand group, for \$844m soon after it acquired Thistle Hotels, a chain of 32, from Scottish & Newcastle.

Brierley will reduce its stake from 70 to 50 per cent as a result of the float. Temasek Holdings and Government of Singapore Investment Corporation, two Singapore government agencies, will reduce their 30 per cent stakes pro rata.

Robert Peel, chief

executive of Thistle, said increasing demand in the UK hotels market had provided a favourable environment.

Peel added that the company was moving from lower-rate tourist groups to higher spending business and leisure customers. And he noted that average occupancy had risen to 63.7 per cent and the average room rate to \$54.

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Weekend Investor

Wall Street

Suddenly, growth is all the rage

Forget mergers and downsizing. Richard Waters is seeing a shift back to basics

In the faddish world of US business, new management philosophies come and go with predictable regularity. And, as often as not, whenever you spot a new management fashion on the horizon, you will find an investment fund in hot pursuit.

That clearly has been the case recently as Wall Street's army of stock market-watchers has turned its attention to an idea that has been the craze of US business schools for some time: how to identify the companies that can achieve an above-average rate of growth. After painful bouts of re-engineering and downsizing, the search is on for the growth stocks of the future.

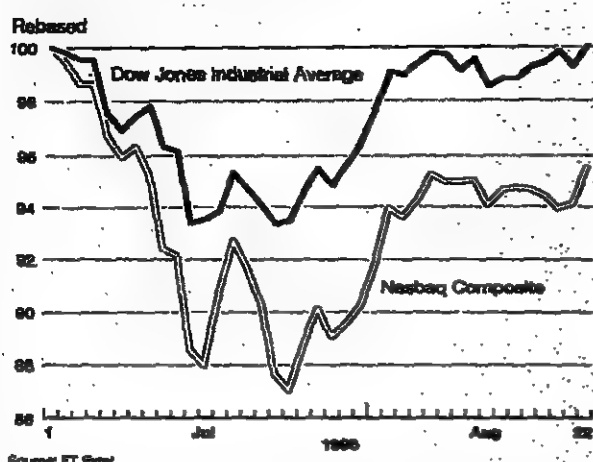
There is a certain irony in this. It was the prospect of faster growth in the US economy as a whole that sent the stock market reeling at the beginning of July. This prompted fears that the Federal Reserve would raise interest rates, which would have raised companies' interest bills and reduced consumers' purchasing power.

But this month's set of economic data has calmed those fears - and the Fed's policy-making forum, the Federal Open Market Committee, decided this week against taking any action on interest rates, at least for now. That has brought the stock market more or less back to where it was at the beginning of July (see chart).

There is a difference, though, between economic growth at large and growth among individual companies. The pace of technological change is certainly not slowing, and deregulation and global competition have opened up new markets to competition. Such a world, according to the new management orthodoxy, offers unparalleled opportunities for growth to the companies with the right combination of vision and fleetness of foot. The fad was summed up perfectly on Business Week's front cover earlier this month: "Strategic planning. It's back!"

The stock market version of this fashion involves finding the companies with the potential for the fastest sales growth. The drive to cut

Still on the up



Source: FT Data

costs, whether through mergers or downsizing, was one of the dominant stock market themes of 1994 and 1995, and contributed to an unwavering attention to the bottom line. Now, the attention is shifting back towards the top line: revenue growth.

This week brought a pointed example of this quest for the companies of the future, and it came in one of the US's fastest-changing industries: telecommunications. On Monday, the second most powerful executive at one of the US's biggest companies, AT&T, decided to throw in his lot with a new company competing in the country's newly deregulated local telephone markets. Alex Mandi, who had been tipped to run AT&T one day, made no bones about his reason: this was a chance to make a personal fortune by building a business from scratch.

Mandi might have decided where to stake his future (the company is called Associated Communications; shares in Associated Group, which owns most of its stock, rose 25 per cent during the week, to \$32). How, though, do investors at large identify the growth companies of tomorrow?

There are no easy answers - as the recent share price movements of three very different companies show. One is Zenith Electronics, a television maker with a chequered past that is now majority-owned by LG, a Korean industrial giant. On Thursday, Zenith won a contract to build some of the equipment for a new digital

television service, setting off a 48 per cent jump in its share price, to \$16.

Technological change will continue to create new markets, and even once-troubled companies like Zenith can become instant beneficiaries.

The second example is HBO, a company which builds management information systems for healthcare concerns. HBO's stock lost 15 per cent of its value during the week, falling to \$53, on an analyst's downgrade. But HBO's shares are still worth twice what they were little more than a year ago. In areas where cost-control has become a vital issue, there are fortunes to be made by companies which can apply technological and management disciplines learnt in other industries.

The third example is Citicorp, the US's second biggest bank. Citicorp, which teetered on the edge of disaster early in the 1990s, was the biggest winner from the stock market enthusiasm for bank shares last year, and has been again in 1996. It was trading yesterday at \$97, more than twice its level of 18 months ago.

Citicorp's attraction: while other banks are merging and cutting costs, it has a rare foothold in the emerging market countries which offer the prospect of most growth in the future.

Dow Jones Ind Average

Monday	5898.44 + 9.90
Tuesday	5721.28 + 21.82
Wednesday	5688.52 - 31.44
Thursday	5739.47 + 43.66
Friday	

London

A glad hand for Hans

UK owes this German a debt, says Philip Coggan

It is not often that the British take a German to their hearts. Tottenham Hotspur fans did it with striker Jurgen Klinsmann. Boris Becker charmed the Wimbledon crowds in his early days. But for stock market investors, the heartthrob of the moment is Hans Tietmeyer.

Hans, the president of the Bundesbank, has been a stickler for monetary and fiscal rectitude in the past. This week, however, he revealed he was an old softie. While some were predicting that the Bundesbank might not cut its repo rate at all, Hans sanctioned a cut in the key monetary indicator by 30 basis points: three-tenths of a percentage point. That was a far larger fall than anyone had expected.

The news allowed central banks across Europe including the French, the Dutch, the Belgians and the Finnish to follow suit. While Britain

did not change its rates, the FTSE 100 index got carried away in the general excitement. The UK's leading indicator recorded an all-time closing high of 3,891.1 and swept past the 3,900 level in early trading yesterday.

The market had experienced a measure of relief already when, on Tuesday, the US Federal Reserve decided to leave interest rates unchanged. Only a month ago, it seemed that everyone was expecting US rates to rise; that was one of the main reasons why Footsie dropped to 3,632.3 on July 18.

Since then, it has rarely looked back. It is worth mentioning, however, that the other indices have not had such a good run. The Mid-250 is around 150 points below its all-time high, recorded in April, and the Small-Cap has yet to regain the dizzy heights of 2,444.36 which it chalked up on June 6. A "surprise rally" often

results in the blue chips outperforming the smaller company stocks. Institutional investors had been pessimistic about the UK stock market for much of this year, with the monthly Merrill Lynch/Gallup survey showing them regularly as sellers of domestic equities. Sure enough, the UK market performed far less well than other international markets.

Political risk was one factor which had been holding down the market and, with the general election getting ever closer, there seemed little reason to expect matters to change in the second half of the year. As a result, and with the help of strong dividend payments and share buy-backs, institutions had built up decent cash holdings.

Once the market started to move higher, naturally they chose to put their funds into the most liquid stocks - those in Footsie. Even so,



Heartthrob: Tietmeyer, not Becker or Klinsmann. Montage: Jamie Hill

with volumes thin because of the holiday season, the influx of buyers forced prices ahead quickly. And a smattering of speculative activity - the old rumours that Zeneca might merge with someone else in the pharmaceuticals industry resurfaced this week - might have given an extra spur to the rally.

The picture has, accordingly, changed dramatically since the middle of July when it looked as if the UK and US stock markets were experiencing a correction. Now, it seems as if the bull market is back with a vengeance.

Technical analyst Brian Marber still maintains that Footsie needs to close 2 per cent above its previous high - which would require the index to hit 3,984.3 - for the market to avoid making a "double top" pattern, in which a peak is challenged but not broken decisively. Double tops are how UK bull markets normally end, says Marber.

Historical indicators are a bit more encouraging. David Schwartz, publisher of the Schwartz Stock Market Handbook, says that the performance of August has, since 1929, been quite a good test for the UK market, with investors not so much interested in the figures themselves, as in the chairman's statements about trading prospects.

With the Non-Financial Index trading on an historic price-earnings ratio of over 17, the market is pricing in some decent earnings growth in 1997.

night, the FT-SE-A All-Share index had risen by 4.7 per cent on the month.

Interest rates and liquidity are only two of the factors that help stock markets to surge. What has given Footsie a further lift is that the prospects for earnings growth in the second half of the year may also be improving.

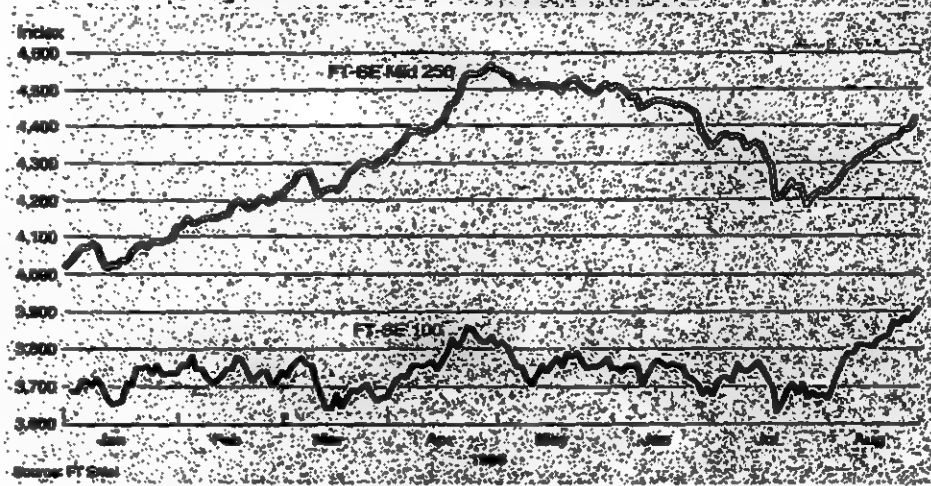
The manufacturing sector has been in the doldrums this year because it over-estimated the strength of demand and built up excessive stocks. But figures published yesterday by the Office of National Statistics showed that the stockpile could be unwinding; manufacturers' stocks fell by \$238m in the second quarter, wiping out a \$284m gain in the first three months of the year.

Admittedly, the Confederation of British Industry's August monthly trends survey showed that manufacturers remain negative about prospects for their order books. But the picture has improved since July, and there is absolutely no sign of inflationary pressure.

The results season in September could provide the next test for the UK market, with investors not so much interested in the figures themselves, as in the chairman's statements about trading prospects.

With the Non-Financial Index trading on an historic price-earnings ratio of over 17, the market is pricing in some decent earnings growth in 1997.

Footsie hits a peak but the Mid-250s muddle along



Highlights of the week

	Change	Value	Notes
FT-SE 100 Index	+34.6	3891.1	Interest rate cut
FT-SE Mid 250 Index	+28.4	1458.6	Continuing up with leaders
BAT Index	+39	585	US regulatory worries
British Gas	+20.6	265	Offices relief
BSN	+7.5	584	Internet links/future
BSN	+7.5	584	US bid hopes
Net West Bank	-121.1	711	SBC Workday cautious
Orion	+2.7	173	US firms interest
Prudential	+17	584	Merger rumours
Prudential	+17	584	German repo rate cut
Prudential	+17	584	German repo rate cut
Prudential	+17	584	Profit-taking after figures
Prudential	+17	584	Insurance to cap pay-outs
Prudential	+17	584	Refined cost-cutting

Group and 549
Cherry Account

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key role in promoting
safety and efficiency.**

Highs & Lows shown on a 52 week basis

WORLD STOCK MARKETS

NORTH AMERICA

UNITED STATES (Aug 23 / US\$)

DOW JONES

S&P 500

NASDAQ

NYSE

AMEX

NYSE

AMEX

NYSE

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EUROPE

LONDON (Aug 23 / £)

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INDICES

	Aug 23	Aug 22	Aug 21	High	Low
Germany (DAX)	3,187.26	3,147.27	3,181.81	3,205	3,167.38
France (CAC)	2,249.5	2,247.8	2,240.0	2,254	2,230.10
Italy (ISEQ)	10,516.0	10,516.0	10,516.0	10,516	10,516
Spain (IBEX)	3,318.0	3,318.0	3,318.0	3,318	3,318
UK (FTSE 100)	3,318.0	3,318.0	3,318.0	3,318	3,318
Japan (Nikkei)	10,516.0	10,516.0	10,516.0	10,516	10,516
China (SSE)	10,516.0	10,516.0	10,516.0	10,516	10,516
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WORLD STOCK MARKETS

AMERICA

US tobacco stocks under pressure

Wall Street

The July report on durable goods orders sent a tremor through the US bond market, stoking fears that inflationary pressures were still building in the US economy. Stocks gave back a portion of the previous day's gains, writes Richard Tomkins in New York.

At 1 pm, the Dow Jones Industrial Average was 9.82 down at 5,723.55, the Standard & Poor's 500 by 2.96 at 667.70, and the American Stock Exchange composite by 0.25 at 560.07. NYSE volume was 191m shares.

Tobacco stocks were the main feature, amid worries about the industry's outlook.

President Bill Clinton confirmed plans to bring the industry under the Food and Drug Administration's purview, but investors' greater concern was the cliffhanger verdict on a lawsuit brought in an Indianapolis court. At lunchtime, with the verdict still tensely awaited, Philip Morris had edged up 3% to \$87%, and RJR Nabisco had risen 4% to \$25%.

Zenith Electronics, which had risen nearly 50 per cent the day before on news of a \$1bn contract to supply Ameristar with television set-top boxes, fell back 1% to \$15.40 on profit-taking. But larger technology stocks were holding up: IBM was up 3% at \$113%, Hewlett-Packard 3% at \$43%, and Moto-

rola 3% at \$55%. Bay Networks, a maker of networking products, rose 2% to \$27% on bid speculation.

Procter & Gamble was up 3% at \$91% after winning FDA clearance to market a new duodenal ulcer drug therapy. Manhattan Bagel was another gainer, putting on 1% at \$12% after agreeing to put its bakeries inside a chain of California supermarkets. But AnnTaylor Stores, a women's clothing store chain that has been performing weakly in the backlist US retailing environment, tumbled 1% to \$14 after the company announced that its chairman, Ms Sally Frame Kasaks, was resigning to pursue other interests.

Canada

Toronto saw volume dwindle from 49.2m shares to 33.7m at noon, as the TSE 300 composite index rose 3.40 to 5,185.50.

In gold, TVX and Kinross rose 30 cents to C\$15.50 in 780,000 shares, and 25 cents to C\$11 in 720,000 shares from US brokers. Scorpion Minerals, a junior gold exploration company, said it was unaware of price sensitive developments as the shares rose 50 cents to C\$6.

Latin America

MEXICO CITY fell again as heavy profit taking took

hold. The IPC index was off 48.34 at 3,340.99 by midday.

La Moderna, the tobacco group, was the leading faller at midsession with the A shares down 3.3 per cent at 37.60 pesos as a number of domestic institutions turned away from the sector following potentially damaging lawsuits being heard in the US.

Buenos Aires was in retreat again, weighed down by YPF, the oil group. The Merval index was off 0.38 at 491.33 at midday.

Austria left holding the wooden spoon

Vienna has crumbled again, says William Hall

Which world stock market, apart from Japan, is still over 40 per cent below its all-time high? Austria, where Jim Rogers, the motor-biking US investment guru, once made a fortune, is the unfortunate holder of the wooden spoon award for the worst performing European stock market of the 1990s, and it has not shown much sign of recovery in 1996.

To be fair, when the Austrian Traded Index (ATX) peaked at 1,737.14 in March 1990, the market was caught in a speculative bubble.

Investors were scouting the world for investment themes following the collapse of the Iron Curtain and little Austria achieved its few moments of fame in the investment performance charts.

But overseas investors, like Jim Rogers, have long since departed and the Austrian market has charted an erratic course since then, with brief periods of outperformance followed by long periods in the doldrums.

The market fell in 1991 and 1992, jumped by 51 per cent in 1993 and then headed down for the next two years. Last year, it was the worst performing European market.

Its erratic history explains why most professional international investors pigeon-hole Austria as a "stock picker's market". If they can spot a company like Wolford, which makes ladies' nylon stockings and has risen five-fold since it went public in February 1995, they can do very well.

However, there are not many Wolfords on the Austrian stock market and there are no big, safe Austrian multinational stocks, similar to Switzerland's Roche, Nestlé or Holderbank, which can be tucked away and forgotten about.

International investors venturing into the Austrian market have to be on their toes. The ATX rose by close to a fifth in the first five months of 1996, spurred by a first half loss in the Austrian stock market.

AMS shares have fallen by nearly two thirds from their year's high of \$21.70, where apart from Wolford, whose shares are currently trading on 29 times earnings, the stars of the Austrian stock market this year have been the brewers, typical defensive stocks. Bräu Union and SBA, the two biggest, are both up by more than a third from their year's low, helped by better than expected earnings.

However, corporate earnings generally are expected to fall in 1996 as a result of changes in the tax treatment of tax losses which, particularly important for Austria's big cyclical stocks, Folger Winterberger, of Creditanstalt Investment Bank, forecasts a 11 per cent decline in earnings in 1996 which will be matched by a similar recovery in 1997 and a 17 per cent rise in 1998. Kleinwort Benson's Robin Horne, by contrast, expects corporate earnings falling by only 7 per cent this year and rebounding by 21 per cent next year.

Most analysts would be happy if the ATX breaks through 1100 by the end of the year. The danger remains that if the market were to take-off, the cash-strapped Austrian government might be tempted to speed up its sale of its remaining stakes in companies like OMV, Böhler, VA Stahl and VA Tech, not to mention the long overdue sale of its majority stake in Creditanstalt.

Longer term, the case for Austria is easier to make. It has low inflation, a stable government and is better placed than most of its neighbours to benefit from the improvement in the Eastern European economies.

Creditanstalt, for example, has probably the best Eastern European investment banking franchise of any international bank. And now that the country has joined the European Union, Austrian companies are having to shape up or sell out.

EUROPE

Nutricia justifies Milupa acquisition

There was a flurry of activity in Nutricia in AMSTERDAM. Brokers upgraded the stock after the company reported a 61 per cent rise in first half profits and the shares rallied to Ft18.40 or 9.6 per cent to Ft210, after an intra-day high of Ft215.

Analysts said the results had come as a pleasant surprise, particularly as there had been serious misgivings about the logic of acquiring the Milupa baby food brand last year. Nutricia noted that the rise in profits was largely attributable to the acquisition of the German baby food group and forecast that the rate of growth would be continued into the rest of the year.

In contrast, the AEX index retreated 3.55 to 561.40.

Elsewhere there were contrasting stories. KPN, for instance, slipped Ft2.10 to Ft16.60 as its interim earnings came in at the lower end of analysts' expectations; but a number of brokers commented that the fall was mainly due to some profit-taking.

Boskalis, the dredging group, was another strong performer, rising Ft2.30 to Ft7.7 per cent to Ft30.60 on

strong prospects for the rest of the year, after reporting first half figures much in line with analysts' forecasts.

FRANKFURT disappeared, as the German report rate cut had not produced a lasting gain in the dollar and bond prices, shrugged off flat, or negative, inflation data from three German lenders and closed with the Dax index 2.70 higher at an all-time high of 2,562.12.

Turnover dropped back again, from DM6.4bn to DM4.8bn. There was early dollar-linked excitement in chemicals which lasted for Bayer, up 88 pf to DM58.75. In the same sector, the fast improving Ruetgers rose DM10.50 to DM34.50 after its half year profits rose to DM65.5m from DM5.7m a year earlier.

However, this was balanced by a fall in the pharmaceuticals sector, with the Dax index ending at 2,562.12.

PARIS appeared to lose interest in Thursday's rate cuts as doubts lingered about the health of the economy. The CAC-40 index rose just 3.08 to 2,020.82, in weak turnover of 370m, after a bout of speculative profit-taking earlier in the session.

Brokers warned that in spite of the domestic rate cut, cheered by investors on Thursday, there was a worry that first half corporate results in the course of the next month would not match expectations.

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FT-SE Actuaries Share Indices

Hourly Changes	Open	10.30	11.00	12.00	13.00	14.00	15.00	Close
FT-SE Actuaries 100	1687.53	1687.45	1687.57	1687.29	1686.42	1684.77	1683.71	1683.71
FT-SE Actuaries 200	1734.74	1734.55	1734.58	1734.46	1734.46	1732.35	1732.35	1732.35

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own new high of FM339, to FM18 after adding a dairy cattle feed invention to its quiver this week.

WARSAW extended its winning streak to a seventh consecutive session. The Wig index rose another 230.8 to 13,886.2, up 11.6 per cent over the seven-session run.

ATHENS registered its fifth consecutive gain, expecting that snap polls would bring about a strong government and steady the Greek economy towards its EMU goal. The general index finished 17.23 or 1.9 per cent higher at 810.95.

Written and edited by William Cochrane and John Pitt

SOUTH AFRICA

Improved market sentiment helped Johannesburg shake off some of the gloom seen earlier in the week, with the overall index up 86.8 to 6,564.2.

But traders said institutions were still cautious and had not been involved in any big buying.

Industrials, buoyed by a stronger rand, rose 53.2 to 7,783.8 and gold lifted 38.4 to 1,740.5. S.A. Breweries climbed 85 to R132.50 and De Beers R131.75.

hit parade. A change of finance minister, a spate of good results and falling interest rates all helped fuel the rebound in share prices and trading volumes picked up strongly.

However, as has happened so often before, the recovery ran out of steam and the ATX, which had been hovering just under the 1150 mark, has lost over 100 points since May. Once again Austria is turning out to be one of the worst performing European stock markets this year.

The recent spate of Austrian company results may partly explain the setback. Creditanstalt, Austria's banking flagship, posted a 30 per cent rise in first half profits and May-Meinhof, one of Europe's biggest carboard companies, was up 18 per cent. But these upbeat performances have been more than offset by companies such as Wienerberger (construction materials) and Rader (refractories), hit by the effects of the long hard winter and a downturn in their European markets.

OMV, Austria's biggest industrial group, reported static first half earnings earlier this week - which resulted in at least one London broker taking it off his buy list - and Austrian Mikro Systems, one of Austria's few high-tech companies, posted its first half loss, putting Austria to the top of the European stock market

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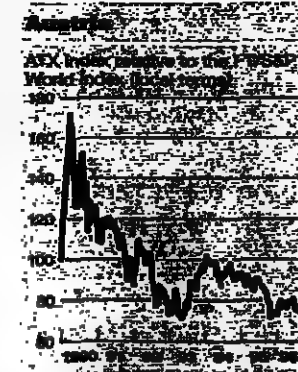
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ATX index, March 1990 to May 1996. Source: Reuters.

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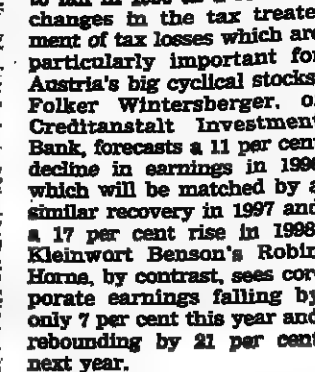
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French Investments Trust PLC 5% Cum Div
 0474 5 4
 Eastern Inv Trust PLC 4 1/2% Cum Div
 0474 5 4
 Eastern Inv Trust PLC 5 1/4% Deb Sht
 0474 5 4
 Investment Trust PLC 4.55% Cum Div
 0474 5 4
 Mortgage & Trust PLC 9 1/4-14%
 Govt Interest Deb Sht 2020 - 0167
 0474 5 4
 National Trust PLC 10% Deb Sht
 01124
 as Trust of Spoford PLC 4 1/2% Cum

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BNV TRUSTS SPLIT CAPITAL - Cont.[illegible]**LEISURE & HOTELS - Cont.**[illegible]

PAPER , PACKAGING & PRINTING

PHARMACEUTICALS

Pharmaceutical	Percentage
Aspirin	100
Penicillin	95
Insulin	90
Valium	85
Codeine	80
Morphine	75
Quinine	70
Streptomycin	65
Chloroquine	60
Hydrocortisone	55
Procaine	50
Novocain	45
Novocain	40
Novocain	35
Novocain	30
Novocain	25
Novocain	20
Novocain	15
Novocain	10
Novocain	5
Novocain	0

PROPERTY

Property	Percentage
Aspirin	100
Penicillin	95
Insulin	90
Valium	85
Codeine	80
Morphine	75
Quinine	70
Streptomycin	65
Chloroquine	60
Hydrocortisone	55
Procaine	50
Novocain	45
Novocain	40
Novocain	35
Novocain	30
Novocain	25
Novocain	20
Novocain	15
Novocain	10
Novocain	5
Novocain	0

PROPERTY - Cont.[illegible]

TELECOMMUNICATIONS

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APM - Cont.

		1996		1995		1994		1993		1992		1991		1990	
Year	Price	High	Low	Year	Price	High	Low	Year	Price	High	Low	Year	Price	High	Low
1996	1.00	1.00	1.00	1995	1.00	1.00	1.00	1994	1.00	1.00	1.00	1993	1.00	1.00	1.00
1995	1.00	1.00	1.00	1994	1.00	1.00	1.00	1993	1.00	1.00	1.00	1992	1.00	1.00	1.00
1994	1.00	1.00	1.00	1993	1.00	1.00	1.00	1992	1.00	1.00	1.00	1991	1.00	1.00	1.00
1993	1.00	1.00	1.00	1992	1.00	1.00	1.00	1991	1.00	1.00	1.00	1990	1.00	1.00	1.00
1992	1.00	1.00	1.00	1991	1.00	1.00	1.00	1990	1.00	1.00	1.00	1989	1.00	1.00	1.00
1991	1.00	1.00	1.00	1990	1.00	1.00	1.00	1989	1.00	1.00	1.00	1988	1.00	1.00	1.00
1990	1.00	1.00	1.00	1989	1.00	1.00	1.00	1988	1.00	1.00	1.00	1987	1.00	1.00	1.00
1989	1.00	1.00	1.00	1988	1.00	1.00	1.00	1987	1.00	1.00	1.00	1986	1.00	1.00	1.00
1988	1.00	1.00	1.00	1987	1.00	1.00	1.00	1986	1.00	1.00	1.00	1985	1.00	1.00	1.00
1987	1.00	1.00	1.00	1986	1.00	1.00	1.00	1985	1.00	1.00	1.00	1984	1.00	1.00	1.00
1986	1.00	1.00	1.00	1985	1.00	1.00	1.00	1984	1.00	1.00	1.00	1983	1.00	1.00	1.00
1985	1.00	1.00	1.00	1984	1.00	1.00	1.00	1983	1.00	1.00	1.00	1982	1.00	1.00	1.00
1984	1.00	1.00	1.00	1983	1.00	1.00	1.00	1982	1.00	1.00	1.00	1981	1.00	1.00	1.00
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1982	1.00	1.00	1.00	1981	1.00	1.00	1.00	1980	1.00	1.00	1.00	1979	1.00	1.00	1.00
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1971	1.00	1.00	1.00	1970	1.00	1.00	1.00	1969	1.00	1.00	1.00	1968	1.00	1.00	1.00
1970	1.00	1.00	1.00	1969	1.00	1.00	1.00	1968	1.00	1.00	1.00	1967	1.00	1.00	1.00
1969	1.00	1.00	1.00	1968	1.00	1.00	1.00	1967	1.00	1.00	1.00	1966	1.00	1.00	1.00
1968	1.00	1.00	1.00	1967	1.00	1.00	1.00	1966	1.00	1.00	1.00	1965	1.00	1.00	1.00
1967	1.00	1.00	1.00	1966	1.00	1.00	1.00	1965	1.00	1.00	1.00	1964	1.00	1.00	1.00
1966	1.00	1.00	1.00	1965	1.00	1.00	1.00	1964	1.00	1.00	1.00	1963	1.00	1.00	1.00
1965	1.00	1.00	1.00	1964	1.00	1.00	1.00	1963	1.00	1.00	1.00	1962	1.00	1.00	1.00
1964	1.00	1.00	1.00	1963	1.00	1.00	1.00	1962	1.00	1.00	1.00	1961	1.00	1.00	1.00
1963	1.00	1.00	1.00	1962	1.00	1.00	1.00	1961	1.00	1.00	1.00	1960	1.00	1.00	1.00
1962	1.00	1.00	1.00	1961	1.00	1.00	1.00	1960	1.00	1.00	1.00	1959	1.00	1.00	1.00
1961	1.00	1.00	1.00	1960	1.00	1.00	1.00	1959	1.00	1.00	1.00	1958	1.00	1.00	1.00
1960	1.00	1.00	1.00	1959	1.00	1.00	1.00	1958	1.00	1.00	1.00	1957	1.00	1.00	1.00
1959	1.00	1.00	1.00	1958	1.00	1.00	1.00	1957	1.00	1.00	1.00	1956	1.00	1.00	1.00
1958	1.00	1.00	1.00	1957	1.00	1.00	1.00	1956	1.00	1.00	1.00	1955	1.00	1.00	1.00
1957	1.00	1.00	1.00	1956	1.00	1.00	1.00	1955	1.00	1.00	1.00	1954	1.00	1.00	1.00
1956	1.00	1.00	1.00	1955	1.00	1.00	1.00	1954	1.00	1.00	1.00	1953	1.00	1.00	1.00
1955	1.00	1.00	1.00	1954	1.00	1.00	1.00	1953	1.00	1.00	1.00	1952	1.00	1.00	1.00
1954	1.00	1.00	1.00	1953	1.00	1.00	1.00	1952	1.00	1.00	1.00	1951	1.00	1.00	1.00
1953	1.00	1.00	1.00	1952	1.00	1.00	1.00	1951	1.00	1.00	1.00	1950	1.00	1.00	1.00
1952	1.00	1.00	1.00	1951	1.00	1.00	1.00	1950	1.00	1.00	1.00	1949	1.00	1.00	1.00
1951	1.00	1.00	1.00	1950	1.00	1.00	1.00	1949	1.00	1.00	1.00	1948	1.00	1.00	1.00
1950	1.00	1.00	1.00	1949	1.00	1.00	1.00	1948	1.00	1.00	1.00	1947	1.00	1.00	1.00
1949	1.00	1.00	1.00	1948	1.00	1.00	1.00	1947	1.00	1.00	1.00	1946	1.00	1.00	1.00
1948	1.00	1.00	1.00	1947	1.00	1.00	1.00	1946	1.00	1.00	1.00	1945	1.00	1.00	1.00
1947	1.00	1.00	1.00	1946	1.00	1.00	1.00	1945	1.00	1.00	1.00	1944	1.00	1.00	1.00
1946	1.00	1.00	1.00	1945	1.00	1.00	1.00	1944	1.00	1.00	1.00	1943	1.00	1.00	1.00
1945	1.00	1.00	1.00	1944	1.00	1.00	1.00	1943	1.00	1.00	1.00	1942	1.00	1.00	1.00
1944	1.00	1.00	1.00	1943	1.00	1.00	1.00	1942	1.00	1.00	1.00	1941	1.00	1.00	1.00
1943	1.00	1.00	1.00	1942	1.00	1.00	1.00	1941	1.00	1.00	1.00	1940	1.00	1.00	1.00
1942	1.00	1.00	1.00	1941	1.00	1.00	1.00	1940	1.00	1.00	1.00	1939	1.00	1.00	1.00
1941	1.00	1.00	1.00	1940	1.00	1.00	1.00	1939	1.00	1.00	1.00	1938	1.00	1.00	1.00
1940	1.00	1.00	1.00	1939	1.00	1.00	1.00	1938	1.00	1.00	1.00	1937	1.00	1.00	1.00
1939	1.00	1.00	1.00	1938	1.00	1.00	1.00	1937	1.00	1.00	1.00	1936	1.00	1.00	1.00
1938	1.00	1.00	1.00	1937	1.00	1.00	1.00	1936	1.00	1.00	1.00	1935	1.00	1.00	1.00
1937	1.00	1.00	1.00	1936	1.00	1.00	1.00	1935	1.00	1.00	1.00	1934	1.00	1.00	1.00
1936	1.00	1.00	1.00	1935	1.00	1.00	1.00	1934	1.00	1.00	1.00	1933	1.00	1.00	1.00
1935	1.00	1.00	1.00	1934	1.00	1.00	1.00	1933	1.00	1.00	1.00	1932	1.00	1.00	1.00
1934	1.00	1.00	1.00	1933	1.00	1.00	1.00	1932	1.00	1.00	1.00	1931	1.00	1.00	1.00
1933	1.00	1.00	1.00	1932	1.00	1.00	1.00	1931	1.00	1.00	1.00	1930	1.00	1.00	1.00
1932	1.00	1.00	1.00	1931	1.00	1.00	1.00	1930	1.00	1.00	1.00	1929	1.00	1.00	1.00
1931	1.00	1.00	1.00	1930	1.00	1.00	1.00	1929	1.00	1.00	1.00	1928	1.00	1.00	1.00
1930	1.00	1.00	1.00	1929	1.00	1.00	1.00	1928	1.00	1.00	1.00	1927	1.00	1.00	1.00
1929	1.00	1.00	1.00	1928	1.00	1.00	1.00	1927	1.00	1.00	1.00	1926	1.00	1.00	1.00
1928	1.00	1.00	1.00	1927	1.00	1.00	1.00	1926	1.00	1.00	1.00	1925	1.00	1.00	1.00
1927	1.00	1.00	1.00	1926	1.00	1.00	1.00	1925	1.00	1.00	1.00	1924	1.00	1.00	1.00
1926	1.00	1.00	1.00	1925	1.00	1.00	1.00	1924	1.00	1.00	1.00	1923	1.00	1.00	1.00
1925	1.00	1.00	1.00	1924	1.00	1.00	1.00	1923	1.00	1.00	1.00	1922	1.00	1.00	1.00
1924	1.00	1.00	1.00	1923	1.00	1.00	1.00	1922	1.00	1.00	1.00	1921	1.00	1.00	1.00
1923	1.00	1.00	1.00	1922	1.00	1.00	1.00	1921	1.00	1.00	1.00	1920	1.00	1.00	1.00
1922	1.00	1.00	1.00	1921	1.00	1.00	1.00	1920	1.00	1.00	1.00	1919	1.00	1.00	1.00
1921	1.00	1.00	1.00	1920	1.00	1.00	1.00	1919	1.00	1.00	1.00	1918	1.00	1.00	1.00
1920	1.00	1.00	1.00	1919	1.00	1.00	1.00	1918	1.00	1.00	1.00	1917	1.00	1.00	1.00
1919	1.00	1.00	1.00	1918	1.00	1.00	1.00	1917	1.00	1.00	1.00	1916	1.00	1.00	1.00
1918	1.00	1.00	1.00	1917	1.00	1.00	1.00	1916	1.00	1.00	1.00	1915	1.00	1.00	1.00
1917	1.00	1.00	1.00	1916	1.00	1.00	1.00	1915	1.00	1.00	1.00	1914	1.00	1.00	1.00
1916	1.00	1.00	1.00	1915	1.00	1.00	1.00	1914	1.00	1.00	1.00	1913	1.00	1.00	1.00
1915	1.00	1.00	1.00	1914	1.00	1.00	1.00	1913	1.00	1.00	1.00	1912	1.00	1.00	1.00
1914	1.00	1.00	1.00	1913	1.										

OTHER INVESTMENT TRUSTS

[illegible]

OIL EXPLORATION & PRODUCTION

	1996	1995	1994	1993	1992	1991	1990	1989	1988	1987	1986	1985	1984	1983	1982	1981	1980	1979	1978	1977	1976	1975	1974	1973	1972	1971	1970	1969	1968	1967	1966	1965	1964	1963	1962	1961	1960	1959	1958	1957	1956	1955	1954	1953	1952	1951	1950	1949	1948	1947	1946	1945	1944	1943	1942	1941	1940	1939	1938	1937	1936	1935	1934	1933	1932	1931	1930	1929	1928	1927	1926	1925	1924	1923	1922	1921	1920	1919	1918	1917	1916	1915	1914	1913	1912	1911	1910	1909	1908	1907	1906	1905	1904	1903	1902	1901	1900	1899	1898	1897	1896	1895	1894	1893	1892	1891	1890	1889	1888	1887	1886	1885	1884	1883	1882	1881	1880	1879	1878	1877	1876	1875	1874	1873	1872	1871	1870	1869	1868	1867	1866	1865	1864	1863	1862	1861	1860	1859	1858	1857	1856	1855	1854	1853	1852	1851	1850	1849	1848	1847	1846	1845	1844	1843	1842	1841	1840	1839	1838	1837	1836	1835	1834	1833	1832	1831	1830	1829	1828	1827	1826	1825	1824	1823	1822	1821	1820	1819	1818	1817	1816	1815	1814	1813	1812	1811	1810	1809	1808	1807	1806	1805	1804	1803	1802	1801	1800	1799	1798	1797	1796	1795	1794	1793	1792	1791	1790	1789	1788	1787	1786	1785	1784	1783	1782	1781	1780	1779	1778	1777	1776	1775	1774	1773	1772	1771	1770	1769	1768	1767	1766	1765	1764	1763	1762	1761	1760	1759	1758	1757	1756	1755	1754	1753	1752	1751	1750	1749	1748	1747	1746	1745	1744	1743	1742	1741	1740	1739	1738	1737	1736	1735	1734	1733	1732	1731	1730	1729	1728	1727	1726	1725	1724	1723	1722	1721	1720	1719	1718	1717	1716	1715	1714	1713	1712	1711	1710	1709	1708	1707	1706	1705	1704	1703	1702	1701	1700	1699	1698	1697	1696	1695	1694	1693	1692	1691	1690	1689	1688	1687	1686	1685	1684	1683	1682	1681	1680	1679	1678	1677	1676	1675	1674	1673	1672	1671	1670	1669	1668	1667	1666	1665	1664	1663	1662	1661	1660	1659	1658	1657	1656	1655	1654	1653	1652	1651	1650	1649	1648	1647	1646	1645	1644	1643	1642	1641	1640	1639	1638	1637	1636	1635	1634	1633	1632	1631	1630	1629	1628	1627	1626	1625	1624	1623	1622	1621	1620	1619	1618	1617	1616	1615	1614	1613	1612	1611	1610	1609	1608	1607	1606	1605	1604	1603	1602	1601	1600	1599	1598	1597	1596	1595	1594	1593	1592	1591	1590	1589																																																																																																																																																																											
Alcohol Consumption	1.2	1.2	1.2	1.2	1.2	1.2	1.2	1.2	1.2	1.2	1.2	1.2	1.2	1.2	1.2	1.2	1.2	1.2	1.2	1.2	1.2	1.2	1.2	1.2	1.2	1.2	1.2	1.2	1.2	1.2	1.2	1.2	1.2	1.2	1.2	1.2	1.2	1.2	1.2	1.2	1.2	1.2	1.2	1.2	1.2	1.2	1.2	1.2	1.2	1.2	1.2	1.2	1.2	1.2	1.2	1.2	1.2	1.2	1.2	1.2	1.2	1.2	1.2	1.2	1.2	1.2	1.2	1.2	1.2	1.2	1.2	1.2	1.2	1.2	1.2	1.2	1.2	1.2	1.2	1.2	1.2	1.2	1.2	1.2	1.2	1.2	1.2	1.2	1.2	1.2	1.2	1.2	1.2	1.2	1.2	1.2	1.2	1.2	1.2	1.2	1.2	1.2	1.2	1.2	1.2	1.2	1.2	1.2	1.2	1.2	1.2	1.2	1.2	1.2	1.2	1.2	1.2	1.2	1.2	1.2	1.2	1.2	1.2	1.2	1.2	1.2	1.2	1.2	1.2	1.2	1.2	1.2	1.2	1.2	1.2	1.2	1.2	1.2	1.2	1.2	1.2	1.2	1.2	1.2	1.2	1.2	1.2	1.2	1.2	1.2	1.2	1.2	1.2	1.2	1.2	1.2	1.2	1.2	1.2	1.2	1.2	1.2	1.2	1.2	1.2	1.2	1.2	1.2	1.2	1.2	1.2	1.2	1.2	1.2	1.2	1.2	1.2	1.2	1.2	1.2	1.2	1.2	1.2	1.2	1.2	1.2	1.2	1.2	1.2	1.2	1.2	1.2	1.2	1.2	1.2	1.2	1.2	1.2	1.2	1.2	1.2	1.2	1.2	1.2	1.2	1.2	1.2	1.2	1.2	1.2	1.2	1.2	1.2	1.2	1.2	1.2	1.2	1.2	1.2	1.2	1.2	1.2	1.2	1.2	1.2	1.2	1.2	1.2	1.2	1.2	1.2	1.2	1.2	1.2	1.2	1.2	1.2	1.2	1.2	1.2	1.2	1.2	1.2	1.2	1.2	1.2	1.2	1.2	1.2	1.2	1.2	1.2	1.2	1.2	1.2	1.2	1.2	1.2	1.2	1.2	1.2	1.2	1.2	1.2	1.2	1.2	1.2	1.2	1.2	1.2	1.2	1.2	1.2	1.2	1.2	1.2	1.2	1.2	1.2	1.2	1.2	1.2	1.2	1.2	1.2	1.2	1.2	1.2	1.2	1.2	1.2	1.2	1.2	1.2	1.2	1.2	1.2	1.2	1.2	1.2	1.2	1.2	1.2	1.2	1.2	1.2	1.2	1.2	1.2	1.2	1.2	1.2	1.2	1.2	1.2	1.2	1.2	1.2	1.2	1.2	1.2	1.2	1.2	1.2	1.2	1.2	1.2	1.2	1.2	1.2	1.2	1.2	1.2	1.2	1.2	1.2	1.2	1.2	1.2	1.2	1.2	1.2	1.2	1.2	1.2	1.2	1.2	1.2	1.2	1.2	1.2	1.2	1.2	1.2	1.2	1.2	1.2	1.2	1.2	1.2	1.2	1.2	1.2	1.2	1.2	1.2	1.2	1.2	1.2	1.2	1.2	1.2	1.2	1.2	1.2	1.2	1.2	1.2	1.2	1.2	1.2	1.2	1.2	1.2	1.2	1.2	1.2	1.2	1.2	1.2	1.2	1.2	1.2	1.2	1.2	1.2	1.2	1.2	1.2	1.2	1.2	1.2	1.2	1.2	1.2	1.2	1.2	1.2	1.2	1.2	1.2	1.2	1.2	1.2	1.2	1.2	1.2	1.2	1.2	1.2	1.2	1.2	1.2	1.2	1.2	1.2	1.2	1.2	1.2	1.2	1.2	1.2	1.2	1.2	1.2	1.2	1.2	1.2	1.2	1.2	1.2	1.2	1.2	1.2	1.2	1.2	1.2	1.2	1.2	1.2	1.2	1.2	1.2	1.2	1.2	1.2	1.2	1.2	1.2	1.2	1.2	1.2	1.2	1.2	1.2	1.2	1.2	1.2	1.2	1.2	1.2	1.2	1.2	1.2	1.2	1.2	1.2	1.2	1.2	1.2	1.2	1.2	1.2	1.2	1.2	1.2	1.2	1.2	1.2	1.2	1.2	1.2	1.2	1.2	1.2	1.2	1.2	1.2	1.2	1.2	1.2	1.2	1.2	1.2	1.2	1.2	1.2	1.2	1.2	1.2	1.2	1.2	1.2	1.2	1.2	1.2	1.2	1.2	1.2	1.2	1.2	1.2	1.2	1.2	1.2	1.2	1.2	1.2	1.2	1.2	1.2	1.2	1.2	1.2	1.2	1.2	1.2	1.2	1.2	1.2	1.2	1.2	1.2	1.2	1.2	1.2	1.2	1.2	1.2	1.2	1.2	1.2	1.2	1.2	1.2	1.2	1.2	1.2	1.2	1.2	1.2	1.2	1.2	1.2	1.2	1.2	1.2	1.2	1.2	1.2	1.2	1.2	1.2	1.2	1.2	1.2	1.2	1.2	1

INVESTMENT COMPANIES

[illegible]

OIL, INTEGRATED

[illegible]**PROPERTY - Cont.**[illegible]

SUPPORT SERVICES

1960	1961	1962	1963	1964	1965	1966	1967	1968	1969	1970	1971	1972	1973	1974	1975	1976	1977	1978	1979	1980	1981	1982	1983	1984	1985	1986	1987	1988	1989	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037	2038	2039	2040	2041	2042	2043	2044	2045	2046	2047	2048	2049	2050	2051	2052	2053	2054	2055	2056	2057	2058	2059	2060	2061	2062	2063	2064	2065	2066	2067	2068	2069	2070	2071	2072	2073	2074	2075	2076	2077	2078	2079	2080	2081	2082	2083	2084	2085	2086	2087	2088	2089	2090	2091	2092	2093	2094	2095	2096	2097	2098	2099	2100	2101	2102	2103	2104	2105	2106	2107	2108	2109	2110	2111	2112	2113	2114	2115	2116	2117	2118	2119	2120	2121	2122	2123	2124	2125	2126	2127	2128	2129	2130	2131	2132	2133	2134	2135	2136	2137	2138	2139	2140	2141	2142	2143	2144	2145	2146	2147	2148	2149	2150	2151	2152	2153	2154	2155	2156	2157	2158	2159	2160	2161	2162	2163	2164	2165	2166	2167	2168	2169	2170	2171	2172	2173	2174	2175	2176	2177	2178	2179	2180	2181	2182	2183	2184	2185	2186	2187	2188	2189	2190	2191	2192	2193	2194	2195	2196	2197	2198	2199	2200	2201	2202	2203	2204	2205	2206	2207	2208	2209	2210	2211	2212	2213	2214	2215	2216	2217	2218	2219	2220	2221	2222	2223	2224	2225	2226	2227	2228	2229	2230	2231	2232	2233	2234	2235	2236	2237	2238	2239	2240	2241	2242	2243	2244	2245	2246	2247	2248	2249	2250	2251	2252	2253	2254	2255	2256	2257	2258	2259	2260	2261	2262	2263	2264	2265	2266	2267	2268	2269	2270	2271	2272	2273	2274	2275	2276	2277	2278	2279	2280	2281	2282	2283	2284	2285	2286	2287	2288	2289	2290	2291	2292	2293	2294	2295	2296	2297	2298	2299	2300	2301	2302	2303	2304	2305	2306	2307	2308	2309	2310	2311	2312	2313	2314	2315	2316	2317	2318	2319	2320	2321	2322	2323	2324	2325	2326	2327	2328	2329	2330	2331	2332	2333	2334	2335	2336	2337	2338	2339	2340	2341	2342	2343	2344	2345	2346	2347	2348	2349	2350	2351	2352	2353	2354	2355	2356	2357	2358	2359	2360	2361	2362	2363	2364	2365	2366	2367	2368	2369	2370	2371	2372	2373	2374	2375	2376	2377	2378	2379	2380	2381	2382	2383	2384	2385	2386	2387	2388	2389	2390	2391	2392	2393	2394	2395	2396	2397	2398	2399	2400	2401	2402	2403	2404	2405	2406	2407	2408	2409	2410	2411	2412	2413	2414	2415	2416	2417	2418	2419	2420	2421	2422	2423	2424	2425	2426	2427	2428	2429	2430	2431	2432	2433	2434	2435	2436	2437	2438	2439	2440	2441	2442	2443	2444	2445	2446	2447	2448	2449	2450	2451	2452	2453	2454	2455	2456	2457	2458	2459	2460	2461	2462	2463	2464	2465	2466	2467	2468	2469	2470	2471	2472	2473	2474	2475	2476	2477	2478	2479	2480	2481	2482	2483	2484	2485	2486	2487	2488	2489	2490	2491	2492	2493	2494	2495	2496	2497	2498	2499	2500	2501	2502	2503	2504	2505	2506	2507	2508	2509	2510	2511	2512	2513	2514	2515	2516	2517	2518	2519	2520	2521	2522	2523	2524	2525	2526	2527	2528	2529	2530	2531	2532	2533	2534	2535	2536	2537	2538	2539	2540	2541	2542	2543	2544	2545	2546	2547	2548	2549	2550	2551	2552	2553	2554	2555	2556	2557	2558	2559	2560	2561	2562	2563	2564	2565	2566	2567	2568	2569	2570	2571	2572	2573	2574	2575	2576	2577	2578	2579	2580	2581	2582	2583	2584	2585	2586	2587	2588	2589	2590	2591	2592	2593	2594	2595	2596	2597	2598	2599	2600	2601	2602	2603	2604	2605	2606	2607	2608	2609	2610	2611	2612	2613	2614	2615	2616	2617	2618	2619	2620	2621	2622	2623	2624	2625	2626	2627	2628	2629	2630	2631	2632	2633	2634	2635	2636	2637	2638	2639	2640	2641	2642	2643	2644	2645	2646	2647	2648	2649	2650	2651	2652	2653	2654	2655	2656	2657	2658	2659	2660	2661	2662	2663	2664	2665	2666	2667	2668	2669	2670	2671	2672	2673	2674	2675	2676	2677	2678	2679	2680	2681	2682	2683	2684	2685	2686	2687	2688	2689	2690	2691	2692	2693	2694	2695	2696	2697	2698	2699	2700	2701	2702	2703	2704	2705	2706	2707	2708	2709	2710	2711	2712	2713	2714	2715	2716	2717	2718	2719	2720	2721	2722	2723	2724	2725	2726	2727	2728	2729	2730	2731	2732	2733	2734	2735	2736	2737	2738	2739	2740	2741	2742	2743	2744	2745	2746	2747	2748	2749	2750	2751	2752	2753	2754	2755	2756	2757	2758	2759	2760	2761	2762	2763	2764	2765	2766	2767	2768	2769	2770	2771	2772	2773	2774	2775	2776	2777	2778	2779	2780	2781	2782	2783	2784	2785	2786	2787	2788	2789	2790	2791	2792	2793	2794	2795	2796	2797	2798	2799	2800	2801	2802	2803	2804	2805	2806	2807	2808	2809	2810	2811	2812	2813	2814	2815	2816	2817	2818	2819	2820	2821	2822	2823	2824	2825	2826	2827	2828	2829	2830	2831	2832	2833	2834	2835	2836	2837	2838	2839	2840	2841	2842	2843	2844	2845	2846	2847	2848	2849	2850	2851	2852	2853	2854	2855	2856	2857	2858	2859	2860	2861	2862	2863	2864	2865	2866	2867	2868	2869	2870	2871	2872	2873	2874	2875	2876	2877	2878	2879	2880	2881	2882	2883	2884	2885	2886	2887	2888	2889	2890	2891	2892	2893	2894	2895	2896	2897	2898	2899	2900	2901	2902	2903	2904	2905	2906	2907	2908	2909	2910	2911	2912	2913	2914	2915	2916	2917	2918	2919	2920	2921	2922	2923	2924	2925	2926	2927	2928	2929	2930	2931	2932	2933	2934	2935	2936	2937	2938	2939	2940	2941	2942	2943	2944	2945	2946	2947	2948	2949	2950	2951	2952	2953	2954	2955	2956	2957	2958	2959	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WATER

[illegible]

SOUTH AFRICANS

Name	1998	1997	1996	1995	1994	1993	1992	1991	1990	1989	1988	1987	1986	1985	1984	1983	1982	1981	1980	1979	1978	1977	1976	1975	1974	1973	1972	1971	1970	1969	1968	1967	1966	1965	1964	1963	1962	1961	1960	1959	1958	1957	1956	1955	1954	1953	1952	1951	1950	1949	1948	1947	1946	1945	1944	1943	1942	1941	1940	1939	1938	1937	1936	1935	1934	1933	1932	1931	1930	1929	1928	1927	1926	1925	1924	1923	1922	1921	1920	1919	1918	1917	1916	1915	1914	1913	1912	1911	1910	1909	1908	1907	1906	1905	1904	1903	1902	1901	1900	1899	1898	1897	1896	1895	1894	1893	1892	1891	1890	1889	1888	1887	1886	1885	1884	1883	1882	1881	1880	1879	1878	1877	1876	1875	1874	1873	1872	1871	1870	1869	1868	1867	1866	1865	1864	1863	1862	1861	1860	1859	1858	1857	1856	1855	1854	1853	1852	1851	1850	1849	1848	1847	1846	1845	1844	1843	1842	1841	1840	1839	1838	1837	1836	1835	1834	1833	1832	1831	1830	1829	1828	1827	1826	1825	1824	1823	1822	1821	1820	1819	1818	1817	1816	1815	1814	1813	1812	1811	1810	1809	1808	1807	1806	1805	1804	1803	1802	1801	1800	1799	1798	1797	1796	1795	1794	1793	1792	1791	1790	1789	1788	1787	1786	1785	1784	1783	1782	1781	1780	1779	1778	1777	1776	1775	1774	1773	1772	1771	1770	1769	1768	1767	1766	1765	1764	1763	1762	1761	1760	1759	1758	1757	1756	1755	1754	1753	1752	1751	1750	1749	1748	1747	1746	1745	1744	1743	1742	1741	1740	1739	1738	1737	1736	1735	1734	1733	1732	1731	1730	1729	1728	1727	1726	1725	1724	1723	1722	1721	1720	1719	1718	1717	1716	1715	1714	1713	1712	1711	1710	1709	1708	1707	1706	1705	1704	1703	1702	1701	1700	1699	1698	1697	1696	1695	1694	1693	1692	1691	1690	1689	1688	1687	1686	1685	1684	1683	1682	1681	1680	1679	1678	1677	1676	1675	1674	1673	1672	1671	1670	1669	1668	1667	1666	1665	1664	1663	1662	1661	1660	1659	1658	1657	1656	1655	1654	1653	1652	1651	1650	1649	1648	1647	1646	1645	1644	1643	1642	1641	1640	1639	1638	1637	1636	1635	1634	1633	1632	1631	1630	1629	1628	1627	1626	1625	1624	1623	1622	1621	1620	1619	1618	1617	1616	1615	1614	1613	1612	1611	1610	1609	1608	1607	1606	1605	1604	1603	1602	1601	1600	1599	1598	1597	1596	1595	1594	1593	1592	1591																																																																																																																																																																																																																																																																																																																																																																												
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GUIDE TO LONDON SHARE SERVICE

Prices for the London Share Service delivered by FT Esal, a member of the Financial Times Group

Company classifications are based on those used for the FT-SE Actuaries Share Indices

Closing mid-prices are shown in pence unless otherwise stated. Rights and loans are based on intra-day mid-prices.

Where stocks are denominated in currencies other than sterling, this is indicated after the name.

Symbols referring to dividend status appear in the notes column daily as a guide to yields and P/E ratios. Dividends and Dividend

**GENERAL
DEPT** **11:50**
**GUARANTEED FOR
5 YEARS***
SHARELINK
Helping investors help themselves.

LEISURE & HOTELS

[illegible]

OTHER FINANCIAL

NAME	AGE	SEX	DATE	TIME	PLACE	REMARKS
Mr. J. H. Smith	45	M	1908	10:30	St. Paul	Arrived from Chicago
Mr. W. B. Jones	38	M	1908	11:15	St. Paul	Arrived from New York
Mr. C. D. Brown	52	M	1908	12:00	St. Paul	Arrived from Boston
Mr. E. F. White	60	M	1908	12:45	St. Paul	Arrived from Philadelphia
Mr. G. H. Black	48	M	1908	1:30	St. Paul	Arrived from Washington
Mr. I. J. Green	35	M	1908	2:15	St. Paul	Arrived from San Francisco
Mr. K. L. Hall	55	M	1908	3:00	St. Paul	Arrived from Los Angeles
Mr. M. N. King	42	M	1908	3:45	St. Paul	Arrived from Portland
Mr. O. P. Lee	58	M	1908	4:30	St. Paul	Arrived from Seattle
Mr. Q. R. Scott	30	M	1908	5:15	St. Paul	Arrived from Denver
Mr. S. T. Adams	65	M	1908	6:00	St. Paul	Arrived from Salt Lake City
Mr. U. V. Baker	40	M	1908	6:45	St. Paul	Arrived from Albuquerque
Mr. W. X. Carter	50	M	1908	7:30	St. Paul	Arrived from Santa Fe
Mr. Y. Z. Evans	33	M	1908	8:15	St. Paul	Arrived from El Paso
Mr. A. B. Foster	62	M	1908	9:00	St. Paul	Arrived from Fort Worth
Mr. C. D. Gibson	47	M	1908	9:45	St. Paul	Arrived from Dallas
Mr. E. F. Harris	53	M	1908	10:30	St. Paul	Arrived from Houston
Mr. G. H. Ingram	37	M	1908	11:15	St. Paul	Arrived from Austin
Mr. I. J. Jackson	68	M	1908	12:00	St. Paul	Arrived from San Antonio
Mr. K. L. Kelly	43	M	1908	12:45	St. Paul	Arrived from Corpus Christi
Mr. M. N. Lewis	57	M	1908	1:30	St. Paul	Arrived from Galveston
Mr. O. P. Miller	32	M	1908	2:15	St. Paul	Arrived from New Orleans
Mr. Q. R. Nelson	63	M	1908	3:00	St. Paul	Arrived from Mobile
Mr. S. T. Oliver	44	M	1908	3:45	St. Paul	Arrived from Birmingham
Mr. U. V. Parker	59	M	1908	4:30	St. Paul	Arrived from Montgomery
Mr. W. X. Quinn	34	M	1908	5:15	St. Paul	Arrived from Jackson
Mr. Y. Z. Reed	64	M	1908	6:00	St. Paul	Arrived from Little Rock
Mr. A. B. Stewart	41	M	1908	6:45	St. Paul	Arrived from Memphis
Mr. C. D. Taylor	56	M	1908	7:30	St. Paul	Arrived from Nashville
Mr. E. F. Thomas	36	M	1908	8:15	St. Paul	Arrived from Louisville
Mr. G. H. Turner	61	M	1908	9:00	St. Paul	Arrived from Cincinnati
Mr. I. J. Walker	46	M	1908	9:45	St. Paul	Arrived from Cleveland
Mr. K. L. Young	54	M	1908	10:30	St. Paul	Arrived from Detroit
Mr. M. N. Allen	31	M	1908	11:15	St. Paul	Arrived from Toledo
Mr. O. P. Wright	66	M	1908	12:00	St. Paul	Arrived from Indianapolis
Mr. Q. R. Hill	49	M	1908	12:45	St. Paul	Arrived from Columbus
Mr. S. T. Green	51	M	1908	1:30	St. Paul	Arrived from Richmond
Mr. U. V. Adams	39	M	1908	2:15	St. Paul	Arrived from Savannah
Mr. W. X. Baker	67	M	1908	3:00	St. Paul	Arrived from Charleston
Mr. Y. Z. Carter	45	M	1908	3:45	St. Paul	Arrived from Norfolk
Mr. A. B. Evans	58	M	1908	4:30	St. Paul	Arrived from Baltimore
Mr. C. D. Foster	33	M	1908	5:15	St. Paul	Arrived from Washington
Mr. E. F. Gibson	69	M	1908	6:00	St. Paul	Arrived from New York
Mr. G. H. Harris	42	M	1908	6:45	St. Paul	Arrived from Philadelphia
Mr. I. J. Ingram	55	M	1908	7:30	St. Paul	Arrived from Boston
Mr. K. L. Jackson	35	M	1908	8:15	St. Paul	Arrived from Chicago
Mr. M. N. Kelly	62	M	1908	9:00	St. Paul	Arrived from St. Paul
Mr. O. P. Lewis	47	M	1908	9:45	St. Paul	Arrived from Minneapolis
Mr. Q. R. Miller	53	M	1908	10:30	St. Paul	Arrived from St. Louis
Mr. S. T. Nelson	37	M	1908	11:15	St. Paul	Arrived from Kansas City
Mr. U. V. Oliver	68	M	1908	12:00	St. Paul	Arrived from Omaha
Mr. W. X. Parker	43	M	1908	12:45	St. Paul	Arrived from Lincoln
Mr. Y. Z. Quinn	57	M	1908	1:30	St. Paul	Arrived from St. Joseph
Mr. A. B. Reed	32	M	1908	2:15	St. Paul	Arrived from St. Charles
Mr. C. D. Stewart	63	M	1908	3:00	St. Paul	Arrived from St. Louis
Mr. E. F. Thomas	41	M	1908	3:45	St. Paul	Arrived from St. Charles
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Mr. O. P. Wright	68					

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Project Name	Start Date	End Date	Duration	Progress	Status
Project A	1/15/2023	3/15/2023	60 Days	100%	Completed
Project B	2/1/2023	4/1/2023	60 Days	85%	In Progress
Project C	3/1/2023	5/1/2023	60 Days	50%	In Progress
Project D	4/1/2023	6/1/2023	60 Days	20%	On Hold
Project E	5/1/2023	7/1/2023	60 Days	10%	On Hold
Project F	6/1/2023	8/1/2023	60 Days	5%	On Hold
Project G	7/1/2023	9/1/2023	60 Days	0%	On Hold
Project H	8/1/2023	10/1/2023	60 Days	0%	On Hold
Project I	9/1/2023	11/1/2023	60 Days	0%	On Hold
Project J	10/1/2023	12/1/2023	60 Days	0%	On Hold
Project K	11/1/2023	1/1/2024	60 Days	0%	On Hold
Project L	12/1/2023	2/1/2024	60 Days	0%	On Hold
Project M	1/1/2024	3/1/2024	60 Days	0%	On Hold
Project N	2/1/2024	4/1/2024	60 Days	0%	On Hold
Project O	3/1/2024	5/1/2024	60 Days	0%	On Hold
Project P	4/1/2024	6/1/2024	60 Days	0%	On Hold
Project Q	5/1/2024	7/1/2024	60 Days	0%	On Hold
Project R	6/1/2024	8/1/2024	60 Days	0%	On Hold
Project S	7/1/2024	9/1/2024	60 Days	0%	On Hold
Project T	8/1/2024	10/1/2024	60 Days	0%	On Hold
Project U	9/1/2024	11/1/2024	60 Days	0%	On Hold
Project V	10/1/2024	12/1/2024	60 Days	0%	On Hold
Project W	11/1/2024	1/1/2025	60 Days	0%	On Hold
Project X	12/1/2024	2/1/2025	60 Days	0%	On Hold
Project Y	1/1/2025	3/1/2025	60 Days	0%	On Hold
Project Z	2/1/2025	4/1/2025	60 Days	0%	On Hold

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FINANCIAL TIMES

Weekend August 24/August 25 1996

LEGAL DEFINITIONS
Inland company: a company of the Channel Islands or the Isle of Man, incorporated in the Channel Islands or the Isle of Man, and having a share of 10% or more held by a company of the Channel Islands or the Isle of Man.
Rowe & Maw
LAWYERS FOR BUSINESS

VW insists Saxony grant is legal

Bonn hopes to reach 'pragmatic' solution to row with Brussels

By Caroline Southey in Brussels and Haig Simonian in Wolfsburg

Volkswagen, the German car maker at the heart of a bitter row between the European Commission and the state government of Saxony over investment grants, yesterday insisted the money was given legally. It said it would stick to its spending plans in the former East Germany.

"We received it [the investment] legally and because we did so, we will invest it correctly," said Mr Ferdinand Piech, VW's chairman. "We had the choice of any location; without support, it would not have been this one."

Mr Piech said the issue was

for Saxony and the Commission to resolve. "We receive the money from Saxony, not the European Commission," he said. VW's legal experts had assured the company that the subsidy was legal.

However, he said VW would make provisions in its accounts for the disputed sums in case repayment was ever necessary. Both the Saxony state government and the Commission have threatened to take each other to court over the subsidies.

Mr Piech's remarks follow an inconclusive meeting in Brussels yesterday between Mr Karel Van Miert, the European competition commissioner, and Mr Günter Rexrodt, the German economics minister.

"I don't think you can say we were able to overcome the problems today," Mr Van Miert told a news conference held jointly with Mr Rexrodt. But Mr Rexrodt said he and the commission would try to reach a "pragmatic" solution to the dispute over the next few days.

During the talks Mr Rexrodt rejected Mr van Miert's demand for the DM241m (€181m) aid package paid to Volkswagen by the east German state of Saxony to be frozen immediately.

EU officials said one possibility was for the German government to freeze funds it is due to Volkswagen equivalent to the disputed money paid by Saxony. "There is still

scope for such action. But it is not very big," said one.

Attention will now focus on a meeting in Dresden on Monday between Mr Kurt Biedenkopf, the premier of Saxony, and senior VW executives including Mr Piech. The German cabinet is due to discuss the issue on Tuesday, and the commission at its first full meeting on September 4.

Monday's meeting was originally scheduled as part of the build up to next week's launch in Dresden of VW's new Passat model - one of the two cars built at VW's Mosel plant, which, with the Chemnitz engine works, is at the centre of the row.

See Lex

Michelin opts to go green with coloured radial tyres

By David Owen in Paris

Henry Ford's sales patter - "any colour you like, as long as it's black" - may soon be as redundant for tyres as it is for cars, following the development by Michelin, the world's largest tyre maker, of a green-coloured radial.

The new product - the Tonus - is being tested on dozens of cars in France, Italy and Germany over the next six months. If the results are satisfactory, the tyres may go on sale next year.

Michelin says the coloured tyre has been made possible by a breakthrough in technology

enabling carbon black to be replaced by silica without affecting performance.

Carbon black lengthens the life of tyres by absorbing the sun's ultraviolet rays, preventing the rubber from becoming brittle.

The company, based at Clermont-Ferrand in southern France, plans to target the tyres initially at young, urban drivers, and has developed them for small- and medium-sized cars.

It says it is too early to say whether the tyre will cost more than standard black tyres. Nor has it decided whether they will be advertised under the

Michelin label or one of its other brands.

The company acknowledges that the tyre was developed for its marketing potential rather than for environmental considerations. Green was chosen as the launch colour - "green like the leaves of a tree" - because research indicated it would "go well".

The colour range is limited for technical reasons. But the company - whose shares yesterday rose FRF1.10, or 0.5 per cent to FRF243.90 (\$47.94), a marginally better performance than the benchmark CAC-40 index - eventually intends to make other colours available.

Crisis in Kremlin as Yeltsin snubs Lebed

Continued from Page 1

of a political settlement. Mr Zelimkhan Yandarbiyev, the rebel Chechen leader, yesterday welcomed Mr Lebed's initiative. Talks continued between the military commanders of both sides in Chechnya, as the intensity of the fighting appeared to diminish.

On the flight back to Moscow, Mr Lebed reacted testily to reports that Mr Yeltsin was "not fully satisfied" with his security adviser's progress. "I was appointed the president's plenipotentiary without an interview with him," he said. "I was given numerous orders from the president with his facsimile signature and all the criticism reaches me through other people."

Mr Lebed will return to Chechnya today for further talks with separatist leaders about a political agreement defining the region's constitutional status. The presidential press service said Mr Yeltsin would meet Mr Lebed on his return from Chechnya next week.

According to the official Tass news agency, Mr Chernomyrdin telephoned Mr Lebed to congratulate him on taking the first important step towards ending the conflict, suggesting there is a powerful move for a peace deal.

Mr Lebed also appears prepared to appeal to the Russian people over Mr Yeltsin's head if he does not receive the top-level backing he claims is essential to solve the conflict. He implored Russian journalists yesterday to fulfil their "professional, civil, and human duty" by reporting what was going on in Chechnya and enlisting public support for peace.

"It is our common duty to stop this crime otherwise a disaster may engulf the whole of Russia," he said.

Prudential in talks

Continued from Page 1

Leicester building societies, both of which plan to float next year, and Friends Provident, the mutual life insurer. It is thought the group has made informal approaches to the Woolwich and Friends Provident.

The Pru has long regarded M&G Re as a "non-core" subsidiary and began looking for a trade buyer as early as 1991.

The partial flotation plans were seen by some analysts as an attempt to smoke out possible buyers. A partial flotation would probably raise a smaller amount than a trade sale.

A flotation might also face difficulties arousing investor enthusiasm. M&G Re would be the only UK-listed reinsurer, making the shares difficult to price. As an independent, it would be bucking the trend towards creating larger groups.

In 1995, M&G Re's general business generated operating profits of £23m and long-term, or life, business, £133m.

Top mafia man offers to turn state's evidence

Continued from Page 1

co-operate since his arrest in May. He said the 36-year-old mafia member was only beginning to provide information which would have to be cross-checked to ensure it was genuine.

Mr Brusca is accused of complicity in the 1992 assassinations of the two leading anti-mafia magistrates, Mr Giovanni Falcone and Mr Paolo Borsellino. According to one mafia informant, Mr Brusca activated the explosion that blew up the convoy of cars carrying Mr Falcone from Palermo airport into the city.

He is also said to have been behind the 1993 bombing campaign, which seriously damaged important symbolic targets like the Uffizi Gallery in Florence and the church complex of St John the Lateran in Rome.

Palermo magistrates claim he has personally killed about 30 people. Mr Brusca is credited with being present while his younger brother and two others strangled the 13-year-



Giovanni Brusca: agreed to give evidence to police

old son of a man who had become an informant, or pentito. Mr Brusca then assured the body was dissolved in acid.

As a pentito Mr Brusca and his dependents are entitled to complete protection and guaranteed minimum financial support by the state. At present there are some 1,400 pentiti of whom more than half are linked to the Cosa Nostra.

THE LEX COLUMN

Sideways shuffle

After a nasty scare back in July, the US stock market has recovered to within spitting distance of its historic high. This is less impressive than it sounds. Since a sharp rally in January, the Dow has essentially traded sideways.

The outlook is for more of the same. Though stock prices remain expensive by most historical valuation measures, this is not in itself an argument for a correction. First, these valuations have persisted for many months. Second, sustained low inflation makes low dividend yields more tolerable than in the past. Finally, neither corporate earnings nor interest rates appear likely to shock the market.

Analysts have been lowering their 1996 forecasts for market earnings, and the outlook for 1997 is more modest still. But these changes are not large enough to jolt valuations decisively. Likewise with interest rates, few observers are expecting much upward move over the next year.

Even the flow of funds argument does not look decisive. Mutual fund inflows in the first half reached record levels in absolute terms, but were not unprecedented in relation to the size of the funds. Recent evidence suggests they have remained resilient, even after the summer scare.

If there is one concern, it is in the narrow base of the rally since July. It has concentrated mostly on the larger capitalisation stocks, with smaller stocks lagging. If they fail to catch up, the current recovery will start to look unsustainable.

Volkswagen

State subsidies have been part of Europe's car industry for decades, but those Volkswagen has received in eastern Germany are a step too far. Of course, it is not the only private-sector car company to take aid. Fiat, for example, used its political ties to subsidise expansion for years. But the timing of Saxony's funding for two VW factories is a real kick in the stomach for the rest of Europe's car industry, which is suffering from weak demand and excess capacity. VW is going through a dramatic upswing in profits, so it could happily pay its own way.

Fortunately, the European Commission has been taking a more robust line on state aid in recent years. At the same time, many of the classic merchandising and cross-promotion techniques perfected on a much larger scale by Disney. It

FT-SE Eurotrack 200:
1734.7 (+4.8)

Wall Street

Dow Jones Industrial Average

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has a record label, box office and magazine. Crucially, most of its listeners are from the upmarket ABC1 socio-economic groups. That allows it to charge advertisers high rates per listener.

That said, on any conventional criteria, the valuation is high. Even stripping out the losses on Classic FM's overseas operations, the radio station will only make £2m-£3m in operating profits this year. GWR, an expert at running tight ships, should be able to cut perhaps £1m costs. But that still equates to over 40p implied earnings multiple of over 40. Luckily for GWR, radio is all the rage with investors because it has been sharply increasing its share of total media advertising. And since it is paying with its own highly-valued shares, the purchase does not look too pricey.

UK house prices

The housing market is back - sort of. House prices have risen by more than 5 per cent in six months, twice what the experts were predicting at the beginning of the year. That is not in itself surprising. Homes are more affordable than they have been for 18 years. Today an average house costs three times the average annual wage, against five times in 1989. Mortgage rates are at a 30-year low. And whereas economic growth in the past two years has been syphoned off by tax increases and growth in corporate profits, personal disposable income is now rising fairly strongly. Tax cuts and building society handouts have boosted confidence, as evidenced by the rise in general consumer spending.

Talk of a new boom, however, is misplaced. House prices have fallen 20 to 25 per cent since 1989 and the Nationwide Building Society does not expect them to get back to that peak until the end of the century even in nominal, let alone, real terms. Meanwhile, the number of transactions is still sluggish - running at only half 1980s levels.

So far, then, the UK seems to be getting a slow, wobbly housing revival. That is good news for inflation and with growth in average earnings matching forecast house price increases, affordability should remain high. Nor is a rise in base rates likely ahead of the election. But political uncertainty and the risks of higher interest rates under a future Labour government could still dash this relatively fragile recovery.

FT WEATHER GUIDE

Europe today
Rain will fall in southern Norway and Sweden as a cold front approaches. The Benelux and France will have showers. Thunder showers are expected in eastern Germany. Spain will be mainly sunny, but the north-east may have thunder. The Alps and northern Italy are also likely to have thunder. Sunny conditions will prevail in the rest of Italy. The Balkan states and most of Greece will be sunny, but thunder showers are likely in southern Greece. Turkey will have hot conditions.

Five-day forecast
Patches of sun in western Europe will be interspersed with showers. Southern Scandinavia and eastern Europe will have rain. Warm, sunny conditions will prevail in the Mediterranean, but Italy and Spain may have occasional thunder storms.

TODAY'S TEMPERATURES

Location	Temp	Location	Temp	Location	Temp	Location	Temp	Location	Temp
Madrid	26	Paris	18	London	17	Amsterdam	16	Brussels	16
Barcelona	27	Frankfurt	18	Berlin	17	Munich	16	Vienna	16
Algiers	26	Geneva	18	Zurich	17	Stockholm	16	Helsinki	16
Athens	26	Cairo	28	Jerusalem	24	Tel Aviv	24	Beirut	24
Bombay	31	Delhi	31	Calcutta	31	Colombo	31	Singapore	31
Bangkok	31	Manila	31	Seoul	24	Tokyo	24	Osaka	24
Beijing	26	Hong Kong	26	Shanghai	26	Guangzhou	26	Chengdu	26
Ulaanbaatar	16	Yokohama	26	Kobe	26	Fukuoka	26	Sapporo	16
Ulsan	16	Seoul	24	Busan	24	Daegu	24	Gwangju	24
Daegu	24	Jeonju	24	Changwon	24	Ulsan	24	Seoul	24
Seoul	24	Busan	24	Daegu	24	Gwangju	24	Sapporo	16
Sapporo	16	Yokohama	26	Kobe	26	Fukuoka	26	Sapporo	16
Sapporo	16	Yokohama	26	Kobe	26	Fukuoka	26	Sapporo	16

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